As of 12 p.m. ET **DJIA** 10667.92 ▲ 0.24% **FTSE 100** 5620.43 ▲ 0.48% **Nikkei 225** 10721.71 ▼ 0.28% **Shanghai Comp.** 2992.84 ▲ 0.53% **Hang Seng** 21022.93 ▼ 0.27% **Sensex** 17383.18 ▲ 1.27% **S&P/ASX 200** 4797.25 ▲ 0.28%

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Protesters try new tactics in dispute in Bangkok

By James Hookway And Wilawan Watcharasakwet

BANGKOK—Thailand's street protesters are taking extreme measures in drawing attention to their demands on who should run their country. The newest tactics: Splattering their own blood and threatening to hurl plastic bags of their feces.

On Tuesday, antigovernment demonstrators poured several gallons of blood at the gates of Thailand's government headquarters in a symbolic sacrifice to step up their campaign for fresh elections and to bring back Thailand's ousted populist leader Thaksin Shinawatra from exile. Activists have threatened to resort next to what they call "biological weapons."

Thailand's government appears unperturbed. Prime Minister Abhisit Vejjajiva vowed again Tuesday to stay in office.

Some analysts wrote off Tuesday's blood ceremony as a stunt, suggesting demonstrators had run out of ideas. Political commentator Veera Prateepchaikul described it as "pointless." But as the protests continue and daytime temperatures in Bangkok rise, tempers are shortening as demonstrators look for a dramatic turning point, and senior protest leaders already have been heard urging restraint.

Hundreds of riot police looked on during the day as thousands of protesters wearing the red shirts of

Please turn to page 20

Violent protests erupt in Jerusalem

Associated Press

Israeli riot police clashed with Palestinian demonstrators on Tuesday over Israeli plans to build new settlements in East Jerusalem. Protesters hurled rocks and set tires ablaze, while riot police fired rubber bullets and tear gas in the worst confrontations in months.

Fed to keep rates low, end debt program

By Luca Di Leo And Tom Barkley

WASHINGTON—The Federal Reserve Tuesday said it will end one of its main support programs for the U.S. economy—purchases of $1.25 trillion of mortgage backed securities—pushing a nascent recovery to stand with less government support.

The Fed said the economy is continuing to improve, though officials said at the conclusion of their latest policy meeting that it would still be at least several more months before they take the dramatic step of raising short-term interest rates in response to stronger growth.

The U.S. central bank said it will complete the mortgage-backed securities purchases by the end of March as planned, winding down a program that many economists believe was key in preventing another Great Depression.

To combat a deepening recession, the Fed slashed short-term interest rates, its main lever in managing the economy, to a record low in December 2008. When that wasn't enough, it set out to inject nearly $1.75 trillion of cash into the economy by buying long-term U.S. Treasurys, mortgage securities and debt issued by mortgage firms Fannie Mae and Freddie Mac in March 2009. The purchases helped to drive a wide range of long-term interest rates lower.

Analysts have worried that the end of the Fed's mortgage purchase program could lead to an upsurge in mortgage rates.

But that hasn't happened, even amid months of well-telecast pronouncements that the program would end.

The Fed ended its purchase of $300 billion Treasurys in October. The enormous mortgage program was the pillar of the Fed's money-pumping efforts, which Fed chairman Ben Bernanke has dubbed "credit easing."

With the conclusion of the mortgage purchase program, attention at the Fed is likely to shift in the weeks ahead toward a momentous decision about interest rates. In its policy statement, the Fed retained year-old language which states that short-term interest rates will remain "exceptionally low" for an "extended period."

The return of Tiger Woods

Tiger Woods said he will return to professional golf at the Masters Tournament in Augusta, Ga., in early April, ending a five-month hiatus spurred by revelations of extramarital affairs. **Page 6**

Google partners in China issue plea to Web giant

By Loretta Chao

BEIJING—A group of **Google** Inc.'s partners in China have sent an impassioned plea to the Internet giant, saying their businesses are at risk if Google closes its Chinese search engine and demanding to know how they will be compensated.

The letter, viewed by The Wall Street Journal, states Google hasn't given its advertising resellers in China guidance since its announcement in January that it may pull out of China. The letter says the companies have watched their business decline and worry they face bankruptcy if Google withdraws.

The letter, which listed 27 Google advertising resellers in China, was sent Monday by email to John Liu, who leads Google's sales team and oversees the company's business operations in greater China, according to one of the resellers on the list, who spoke on the condition of anonymity.

The letter demands an explanation of how the resellers will be treated if Google has to leave China or shut down Google.cn.

A Google spokeswoman said the company had received the letter and was reviewing it. The letter was also posted on the Web site of China's state-run broadcaster.

The Google reseller said the companies are "facing operating pressure" due to the uncertainty of Google's status in China, but not all of the resellers had a part in drawing up the letter.

"Anyway, we really hope Google would face up to the problems and try to find ways to solve them," the reseller said, adding that a response hadn't been received as of Tuesday night.

Google, which has yet to follow through on an announcement in January to stop filtering search results on Google.cn, has been in negoti-

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■ **If Google exits, it opens a door for Microsoft** 23

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* * *

Business & Finance

■ **Greece expressed** frustration with high borrowing costs, dashing hopes for a major bond issue. Still, in a vote of confidence, Standard & Poor's affirmed the country's credit rating. **27**

■ **Reliance is nearing a deal** with Atlas to buy a big stake for a joint venture in an expansive U.S. natural-gas field, Marcellus Shale. **22**

■ **Chinese provincial officials** attacked the quality of foreign luxury brands, underscoring their vulnerability in one of their most important markets. **25**

■ **Chinese consumers scaled** back their expectations of future inflation in the first quarter, a central bank survey of households showed. **3**

■ **China said it has heard** foreign firms' complaints about the country's investment environment and is working to improve policy. **4**

■ **U.S. stocks rose** as gains in commodities boosted the materials sector. Japan stocks snapped a three-session winning streak. **29**

■ **South Korea picked** Kim Choong-soo to be the next central bank governor, who analysts say is likely to keep monetary policy loose to support the recovery. **5**

■ **Toyota's president apologized** on his blog for the car maker's recall problems and said he will skip participating in an auto race in Germany. **22**

■ **Hong Kong's government** may put more than 4,000 subsidized apartments up for sale to cool the city's property market, but it rejected calls to resume the construction of affordable housing. **14**

■ **Shell expects to bring in** more cash as oil and gas output rise and crude prices remain high. **23**

■ **Alibaba.com's profit rose** 49% in the fourth quarter as members and revenue increased. **12**

Associated Press

Striking Greek state hospital nurses demonstrate outside the health ministry building in Athens on Tuesday. The nurses' union opposes government austerity measures aimed to pull Greece out of its debt crisis and is seeking better working conditions. The banner reads "The Minister Snubs Nurses."

■ **Astellas Pharma insisted** it will press ahead with its $3.5 billion bid to buy OSI Pharmaceuticals of the U.S. **22**

■ **Iran and Pakistan signed** a deal paving the way for construction of a natural-gas pipeline linking the two nations. **6**

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■ **Sony and Michael Jackson's** estate agreed to a $250 million deal for 10 albums over seven years. **21**

■ **Honda is recalling** about 344,000 Odyssey vans and 68,000 Element SUVs in the U.S. after receiving consumer complaints about 'soft' brake pedals. **WSJ.com**

* * *

World-Wide

■ **Palestinians in East Jerusalem** set fires and hurled rocks at Israeli riot police in the heaviest clashes in months. **WSJ.com**

■ **An Iranian opposition leader** called the regime of President Ahmadinejad 'plagued with despotism,' keeping up a war of words with the government despite a crackdown on protesters. **WSJ.com**

■ **A bipartisan group** of U.S. senators planned to introduce legislation obliging the Obama administration to take reciprocal action against any country deemed to be manipulating its currency.

■ **India's main opposition party**, the BJP, unveiled a new, younger leadership team that includes an estranged member of the Gandhi-Nehru political dynasty in a bid to recover from last year's election drubbing. **6**

■ **High-profile dissident** Chinese lawyer Gao Zhisheng was convicted of subversion, the foreign minister said. **4**

■ **Macau's top leader used** his first policy address to pressure casino operators to solidify development plans for government-granted land or risk losing it. **4**

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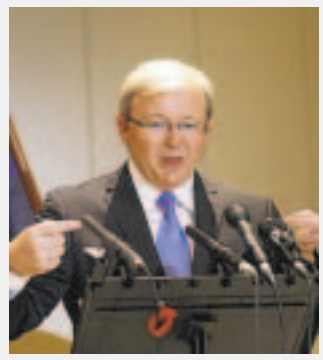

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WORLD NEWS

China price forecast

Central bank's survey of consumers' inflation expectations drops

By Andrew Batson

Chinese consumers scaled back their expectations of future inflation in the first quarter, a central bank survey of households showed Tuesday, a tentative sign of improvement in an issue that has drawn attention from the nation's top leadership.

The index of future price expectations fell to a seasonally adjusted 65.6 in the first quarter from a record 73.4 in the fourth quarter, the People's Bank of China said in a statement. The index is based on the central bank's quarterly survey of households in 50 cities, with a reading above 50 indicating that the balance of those surveyed expect prices to go up. The central bank noted that seasonal factors likely contributed to the decline.

The survey is the only official measure of inflation expectations in China, an issue top leaders are focusing on as headline inflation rates rise. The consumer-price index was up 2.7% from a year earlier in February, picking up from 1.5% in January and the fastest gain since November 2008.

"In China's economy this year, we have to deal with three interconnected issues: maintaining stable and rapid growth, structural adjustment and managing inflation expectations," Premier Wen Jiabao said at a news conference Sunday. "Only in this way can we avoid a double dip" recession.

China's consumers remain unhappy about prices, saying they remain 'high and hard to accept.'

Policy makers worry about expectations of future inflation because they often are self-fulfilling. If households think future prices will be higher, that gives them an incentive to buy more now before things get expensive—but that surge in demand would itself push up prices. High inflation can bring with it panic buying and hoarding, as well as broader social problems.

"As I have said before, if inflation occurs and is combined with an unfair income distribution and contribution, this is enough to impact social stability and the basis of state power," Mr. Wen said Sunday.

Chinese consumers remain unhappy about prices, the central bank's survey showed. The proportion of those surveyed describing current prices of goods as "high and hard to accept" reached 51%, which the central bank said was the highest proportion since 1999.

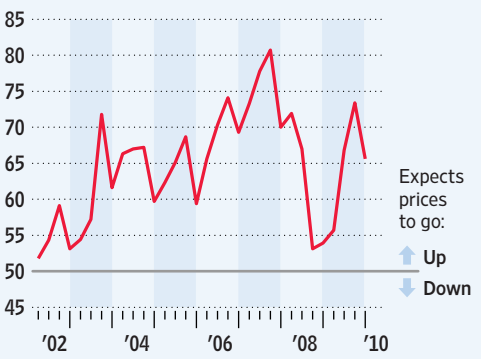
China is also in a nationwide debate over a real-estate boom that has pushed housing prices in major cities out of the reach of many people. More than 70% of households surveyed also said housing prices are "high and hard to accept," the central bank said, without giving a precise percentage.

Agence France-Presse

Chinese are tempering their inflation outlook. Above, an open market in Beijing.

Fear of flying

Index of consumer expectations of future inflation in China



Source: People's Bank of China survey

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Gao mystery deepens

Dissident's subversion conviction is confirmed, but his fate unclear

By Ian Johnson

BEIJING—China's foreign minister said Tuesday that one of the country's highest-profile dissident lawyers has been convicted of subversion, although it is unclear whether the announcement was new information on the activist's fate or a reiteration of a past conviction.

The whereabouts of Gao Zhisheng, who had carved out an international reputation for taking on controversial legal cases, such as government land seizures, has been the subject of intense speculation since he disappeared last year. Previously, a foreign ministry official had said Mr. Gao is "where he should be," later amending his statement to say he didn't know where Mr. Gao was.

At a news conference Tuesday with British Foreign Secretary David Miliband, Foreign Minister Yang Jiechi said in response to a reporter's question: "Gao Zhisheng has been sentenced for committing the crime of subverting state power," according to the Associated Press.

Referring to allegations that Mr. Gao had been tortured, he added, "His relevant rights based on this law have been protected, so the question of torture does not exist."

It's unclear, however, whether Mr. Yang was referring to a previously reported 2006 conviction, which had been suspended, or to the results of a new trial. It is also unclear whether Mr. Gao is in prison or living in the far western region of Xinjiang, as one human-rights group has reported. Later Tuesday, a foreign ministry spokesman referred questions on Mr. Gao to the judicial ministry, which declined comment.

"My take on this is that it's not news," said Joshua Rosenzweig of the Dui Hua Foundation, a human-rights group that has followed Mr. Gao's case closely. "In private, they've been saying that he was convicted of subversion in 2006. We still don't know if he's in jail or anything concrete."

One possible reason for the lack of clarity is that the main channel for foreigners to ask questions about Mr. Gao has been through the Ministry of Foreign Affairs, which doesn't handle judicial affairs. Earlier this year, the foreign ministry said in response to a question on Mr. Gao that it can't be expected to know the location of every Chinese person.

European Pressphoto Agency

Placards showing the image of Bejing human-rights lawyer Gao Zhisheng.

Macau's leader warns casinos

By Kate O'Keeffe And Jonathan Cheng

Macau's top leader used his first policy address Tuesday to pressure casino operators to solidify development plans for government-granted land—or risk losing it.

In remarks to the media after his speech, Macau Chief Executive Fernando Chui said "the government will follow legal procedures" to repossess any idle land being held by developers without concrete plans to develop it. "The whole process will be made very transparent, but the land has to be taken back and some of it will be used for social housing," Mr. Chui said.

Analysts largely wrote off the tough talk as political posturing, given complaints about rising property prices, but concern over construction delays in Macau is real. In Macau's Cotai area, long seen as the primary growth area in the Chinese gambling territory, **Las Vegas Sands** Corp. unit Sands China Ltd. and Hong Kong-based **Galaxy Entertainment** Ltd. shelved their expansion plans for over a year as the financial crisis forced the companies to reconsider their plans.

Repurposing the land for public housing is "very unlikely," said Nomura gaming analyst Kenneth Fong. He and other analysts said they believe Mr. Chui's statement was probably aimed at sending a message that casino operators shouldn't always expect favorable treatment.

Macau Chief Executive Fernando Chui said the government will move to repossess any idle land being held by developers without concrete plans to develop it.

Mr. Chui's comments are likely to be considered as a warning to Sands China, the builder of some of Macau's largest properties. The company has a number of vacant sites in Cotai. Another stalled project, called Macau Studio City, has been bogged down in legal disputes for more than a year.

Representatives for Sands China and Macau Studio City didn't respond to requests for comment.

Wynn Macau Ltd., a subsidiary of **Wynn Resorts** Ltd., said last year that it was applying for use of a parcel of land in Cotai, while **MGM Mirage** and **SJM Holdings** Ltd. also have said they intend to develop properties in Cotai.

Foreign casino operators have been particularly vulnerable to criticism for reaping excessive profits in Macau even as the social costs of gambling's boom add up. Officials in Beijing and Macau have voiced their desire to see Macau's economy diversify beyond gambling.

Mr. Chui didn't mention plans to institute a cap on the total number of gaming tables in Macau, an idea Mr. Chui's predecessor had raised.

Gaming revenue in Macau surged nearly 70% from a year earlier in January and February, according to media reports, adding to signs that the casino market is recovering after the global downturn and the imposition of visa restrictions on travelers to the special administrative region from the Chinese mainland.

During his speech, Mr. Chui offered a few populist touches, including a plan to build 19,000 public-housing apartments by the end of 2012, and his intention to continue the custom of doling out 6,000 Macau patacas ($750) in cash to each Macau resident once a year.

Foreign firms air their complaints

BEIJING—China said Tuesday it has heard foreign companies' complaints about the country's investment environment and is working to improve policy, suggesting that Beijing is seeking to address a worsening business climate for foreign concerns in the country.

Commerce Minister Chen Deming held a meeting with leaders from 20 foreign companies in early March and heard their opinions, said ministry spokesman Yao Jian at a regular briefing.

"The ministry has gotten both positive and other feedback," Mr. Yao said. "Foreign companies are confident of China's market prospects. Many of them have turned China into their global, instead of regional, headquarters."

But he acknowledged many foreign companies at the meeting had questions about China's indigenous innovation policy, which some said would benefit only local companies.

Mr. Yao said that the policy, aimed at boosting China's local high-technology sector, doesn't "ignore" foreign companies and that the locally established companies of foreign companies are treated the same as Chinese firms.

"Foreign-invested companies, as long as they are established in China, are all regarded as Chinese companies, as they pay tax, hire staff, and carry out research and development in China," Mr. Yao said. "As long as [their operations] comply with relevant policies, China's economic-stimulus program also applies to them."

China will stick to the World Trade Organization's rules on the treatment of foreign-invested companies, and the Commerce Ministry is working with other government bodies to improve China's investment policies, Mr. Yao said, without providing details.

Mr. Yao acknowledged there is room for improvement in China's policy, but said China is still "able to provide foreign-invested firms a good environment."

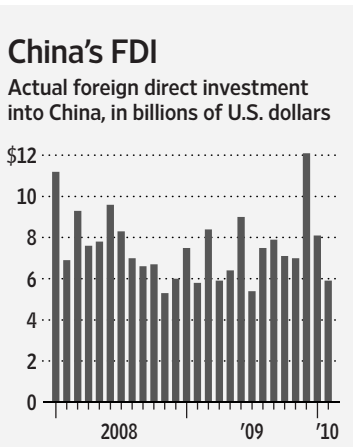
China's investment climate for foreign businesses has been in the spotlight because of recent high-profile cases that have seen foreign companies become entangled in local laws and regulations.

In January, **Google** Inc. announced it was no longer willing to censor search results on its Chinese-language Web site, Google.cn., as required by Chinese law. The search giant cited China's tightening limits on free expression, as well as a series of sophisticated cyber attacks that Google said originated from China.

Last month, China formally indicted four executives of Australian mining group **Rio Tinto** PLC, held since July on allegations of corporate espionage and bribery. China hasn't published specifics about the case. Rio Tinto, which isn't a party to the case, has denied wrongdoing on the part of the company and its employees.

China, which strongly protested a U.S. decision in January to sell $6.4 billion of arms to Taiwan, also has threatened to retaliate against American companies involved in such sales.

Mr. Yao's comments follow Premier Wen Jiabao's response Sunday to a suggestion that the climate for foreign investors was deteriorating. Mr. Wen said China welcomes foreign companies to legally operate in the nation. He also said he is willing to hear more about foreign companies' views on China's policies.



Mr. Yao also said Tuesday that foreign direct investment in China this year will likely be around $90 billion or slightly higher, roughly in line with previous years.

China drew $14.02 billion of foreign direct investment in the first two months this year, up 4.9% from the year-earlier period. It attracted $90.03 billion of foreign investment in 2009.

Separately, Mr. Yao said that China's interest in securing iron ore at reasonable prices should be reflected in continuing negotiations and that the government wants to stick to the mechanism of long-term price agreements.

Mr. Yao said his ministry and the Ministry of Industry and Information Technology support Chinese steel mills on their stand in negotiations to set prices for the 2010 contract year starting April 1. He said big price swings should be avoided in the case of iron ore, the key raw material used in making steel.

The Commerce Ministry is working to improve China's policy for foreign investors, a spokesman said.

The comments come amid reports that global iron-ore miners have put on hold annual benchmark pricing talks with China because of a widening gap in expectations on both sides about 2010 prices. The move puts more stress on the annual benchmark pricing system, which pits global miners against their Asian customers to set a single price for bulk iron-ore shipments. Miners, led by **BHP Billiton** Ltd., are increasingly pushing for a quarterly pricing system, rather than the current yearly agreement. BHP already has some success in converting its coal-supply agreements with Japanese buyers into a quarterly contracts.

During the term discussions, Brazil's **Vale** SA had pushed for a 90% increase in the 2010 benchmark price for iron ore in a verbal notice to Chinese negotiators, though the proposal wasn't put in writing, a senior-level steel industry executive said last week.

—Victoria Ruan and Patricia Jiayi Ho

WORLD NEWS: ASIA

South Korea picks new bank chief

Next central bank governor, a close ally to president, is likely to keep interest rates unchanged until second half

By In-Soo Nam and Kanga Kong

SEOUL—South Korea on Tuesday named Kim Choong-soo as the next central bank governor, installing a close associate of President Lee Myung-bak who analysts say is likely to keep monetary policy loose to support the economic recovery.

Mr. Kim, 62 years old, who has served as a presidential economic secretary, currently is South Korea's ambassador to the Organization for Economic Cooperation and Development. His appointment as Bank of Korea governor will be made official at the March 23 Cabinet meeting, a presidential spokesman said Tuesday.

Incumbent Lee Seongtae's term ends at the end of March.

Under Mr. Kim's leadership, the central bank likely will cooperate even more closely with the government than it has under Gov. Lee. Analysts said that means the BOK will probably keep interest rates lower for longer, toeing the line with a government that seems more willing to risk inflation in order to ensure that the economic recovery remains on track.

Mr. Kim "without a doubt" is "a government-friendly figure," said Hana Daetoo Securities analyst Kim Sang-hoon. "So a closer relationship between the central bank and the government is anticipated."

Citigroup economist Chang Jaechul said the new governor is likely to be "very dovish" and carry out the government's growth-first policies. "The first rate hike could be further delayed from my current view for July or August," he said.

The Ministry of Strategy and Finance, which has made no secret of its desire for the central bank to hold off on interest rate increases until the recovery's sustainability is ensured, welcomed the appointment and expressed hope that Mr. Kim would work closely with the government.

"We expect him to maintain the central bank's independence, while closely cooperating with the government" on policy, ministry spokesman Park Cheol-kyu said.

Reuters

Kim Choong-soo, left, an ally of President Lee. will head the BOK (file photo).

South Korea's economy was one of the first in Asia to bounce back from the global financial crisis. But even as growth has picked up, the government has been leaning hard on the central bank to hold interest rates at rock-bottom levels.

Low inflation has given the central bank room to maintain an easy stance, but outgoing governor Mr. Lee has expressed growing concern about inflationary pressures building up.

The central bank last week kept its policy interest rate at an all-time low of 2.0% for a 13th straight month. Mr. Lee said afterward that inflation was expected to stay around 2.5% for now—well within the BOK's comfort zone—but should accelerate to around 3% in the second half of the year.

In a snap survey of 13 economists following the rate decision, four said they expected the first increase to come in June, while most others predicted that the process of normalizing rates would begin in the second half.

Hana Daetoo's Mr. Kim said a rate rise probably won't come until the third quarter at the earliest, with a 0.25 percentage point increase likely in the third and another in the fourth quarter.

2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. PAKISTAN'S 60TH ANNIVERSARY. DEADLY CYCLONE IN BANGLADESH. 2009 ELECTIONS IN JAPAN. TENSION SOARS BETWEEN NORTH KOREA AND SOUTH KOREA. US SEALS MISSILE DEAL WITH TAIWAN. THOUSANDS DEAD IN SICHUAN EARTHQUAKE. 2008 BEIJING OLYMPICS. ASSASSINATION OF BENAZIR BHUTTO. 2004 US PRESIDENTIAL ELECTION CAMPAIGN. SPOTLIGHT ON BONUSES IN BANKING INDUSTRY. PHILIPPINE FERRY SINKS; OVER 700 ABOARD MISSING. GOVERNANCE WOES IN EAST TIMOR. 2009 AFGHAN PARLIAMENTARY ELECTIONS. PALESTINIANS GAIN CONTROL OVER GAZA STRIP. POLITICAL RIOTS IN THAILAND. 2008 MUMBAI BOMB BLAST

WORLD NEWS

Another Gandhi rises in India

Young politician competes with a dynasty

By Vibhuti Agarwal

NEW DELHI—India's main opposition party, seeking new life after a drubbing at the polls, unveiled a new, younger leadership team that includes an estranged member of the Gandhi-Nehru political dynasty.

The most controversial move by the Bharatiya Janata Party was the appointment as national secretary of Varun Gandhi, who is being promoted to offset the popularity of his cousin, Rahul Gandhi, general secretary of the ruling Congress party.

Unlike most politicians from the influential Nehru-Gandhi dynasty who joined the Congress party, Varun Gandhi, a great-grandson of India's first prime minister, Jawaharlal Nehru, joined the BJP, a right-of-center party allied with Hindu fundamentalist groups.

Varun Gandhi was a flashpoint in the party's campaign in 2009. The 30-year-old shot to prominence after allegedly being caught on videotape shouting anti-Muslim slurs in a campaign speech. He said the video was doctored, telling a television news channel: "They have taken my speech, they have twisted it so badly that it makes me look like I'm attacking Muslims." Mr. Gandhi couldn't be reached for comment Tuesday.

He went on to win a parliamentary seat in the elections from the northern state of Uttar Pradesh. In the voting last April and May, the BJP won 116 seats out of 543 in the lower house of Parliament, down from 138 seats in the 2004 election.

Mahesh Rangarajan, a political analyst at New Delhi University, said the BJP is trying to put up a new image by bringing youth to the forefront.

He said the new faces lacked appeal at the national level. "Varun is no match to his cousin Rahul, who has swung young voters to his party's advantage with a message of growth, while staying away from the peevish caste and religious issues," Mr. Rangarajan said.

Reuters

Varun Gandhi, arrives at court in March 2009 in a case concerning an alleged anti-Muslim speech at an election rally.

The BJP has been in disarray since its election defeat. In December 2009, L.K. Advani resigned as party chief and later the BJP expelled a top leader, Jaswant Singh, for making flattering comments about the founder of Pakistan, Mohammad Ali Jinnah.

The BJP's highest-profile leader, former Prime Minister Atal Bihari Vajpayee, is ill and rarely seen in public.

Tuesday's overhaul was promoted by BJP chief Nitin Gadkari, who in February became the party's youngest president. The 52-year-old is trying to make the party more cohesive and disciplined.

"The young BJP leaders have a daunting task ahead of them to completely recast the political image of their party," said Sanjay Kumar, fellow at the Center for the Study of Developing Societies, a New Delhi-based think tank.

BJP spokesman Ravi Shankar Prasad said the new team is "a fine blend of present and past to infuse hope in the party."

He said adequate representation was given to women as well as to Dalits—those at the bottom of the Hindu caste hierarchy—and other minorities.

Other key players in Mr. Gadkari's new 38-member political team include former Rajasthan Chief Minister Vasundhara Raje Scindia, former cricketer Navjot Singh Sidhu, and a minister in the last BJP government, Shahnawaz Hussain, who is Muslim.

Linked

Iran and Pakistan signed an agreement Tuesday for a gas pipeline linking the two countries. Originally the pipeline included an extension to New Delhi, but India dropped out of the talks last year.

Sources U.S. Government; WSJ research

Iran, Pakistan sign pact

By Tom Wright

Iran and Pakistan signed a deal in Turkey on Tuesday paving the way for construction to start on a much-delayed natural-gas pipeline connecting the two nations in a move that been opposed by Washington as undermining sanctions efforts against Tehran.

Pakistan has argued the pipeline, which will connect Iran's South Pars gas field with Pakistan's Baluchistan and Sindh provinces, is crucial to averting a growing energy crisis that is already causing severe electricity shortages.

"It's in our legitimate economic interests," said Abdul Basit, a foreign ministry spokesman. Construction on the pipeline should begin this year and be operational by 2014, he said.

Iran and Pakistan signed an initial pact in June last year and reached agreement on pricing in September. Under the terms of the final deal signed Tuesday, Iran will supply 750 million cubic feet a day of gas to Pakistan for 25 years.

The pipeline has been on the drawing board since the mid-1990s, when Iran and India signed a deal to transport gas through Pakistan, which shares a western border with Iran and its eastern border with India. Dubbed the "Peace Pipeline" because of hopes it would lead to a détente between rivals India and Pakistan, the $7 billion, 2,700-kilometer pipeline project was stalled as the two nations almost went to war in 2001.

India dropped out last year amid continued security concerns in Pakistan's Baluchistan province, home to a militant Islamist separatist movement, and over disagreements between the parties on pricing.

The scaled-down project could face further delays. Militants blew up another pipeline in Baluchistan in August, highlighting the difficulties Pakistan faces in operating in the poor but resource-rich province. Some details of the Iran-Pakistan pipeline also remain unclear, including how much it will cost and how the countries will finance the project given U.S. opposition.

The U.S. held out the promise of a civilian nuclear agreement with India, enacted in 2008, as a carrot to stop India from pursuing the pipeline, said Moeed Yusuf, a South Asia adviser to the United States Institute of Peace, a Washington-based think tank.

The U.S. Congress is unwilling to offer a similar deal to Pakistan, U.S. and Pakistani officials say. Washington had hoped to push another delayed pipeline linking Turkmenistan, Afghanistan, Pakistan and India as an alternative. But fighting in Afghanistan has kept that project on hold.

The U.S. imposes sanctions on any company that invests more than $20 million per year in Iran's energy sector.

Pakistan relies on natural gas for about half of its energy needs, but domestic supplies are declining.

With gas shortages, the country's total power generating capacity is currently about 4,000 megawatts short of demand, causing rolling electricity blackouts and hurting businesses.

Golfer Tiger Woods to return in April

By Reed Albergotti

Tiger Woods said Tuesday he will return to professional golf at the Masters Tournament in Augusta, Ga., in early April, ending a five-month hiatus spurred by revelations of extramarital affairs.

"The Masters is where I won my first major and I view this tournament with great respect," Mr. Woods said in a statement. "After a long and necessary time away from the game, I feel like I'm ready to start my season at Augusta."

Mr. Woods, 34 years old, last played in a tournament in November. Later that month, he was injured after crashing his sport-utility vehicle into a fire hydrant and a tree near his home outside Orlando, Fla. In subsequent weeks, at least a dozen women claimed or were reported to have had affairs with him.

On Dec. 2, Mr. Woods said via his Web site that "I have let my family down," and nine days later he said he would take an indefinite break from golf.

Mr. Woods apologized in public Feb. 19.

Mr. Woods said Tuesday that while he was returning to competition, he still had a lot of work to do in his personal life. "I have undergone almost two months of inpatient therapy and I am continuing my treatment," he said in Tuesday's statement.

"The major championships have always been a special focus in my career and, as a professional, I think Augusta is where I need to be, even though it's been a while since I last played," Mr. Woods said in the statement. The Masters begins April 8.

The PGA Tour, which runs the three major men's professional golf tours in the U.S., said it welcomed Mr. Woods's decision.

"He has invested a lot of time taking steps, both in his personal and professional life, in order to prepare for his return," said PGA Tour Commissioner Tim Finchem. Mr. Woods also has won four PGA Championship titles and three U.S. Open and British Open titles.

Agence France-Presse/Getty Images

Tiger Woods during a practice round at the 2007 Masters in Augusta, Ga.

WORLD NEWS

Australia's Rudd sees rating slip

Voter satisfaction has fallen below 50% for first time, as the prime minister prepares for visit from U.S. president

By Rachel Pannett

CANBERRA—Australian Prime Minister Kevin Rudd is looking more vulnerable than at any time in office, with likely just months to go before a general election, as he prepares for a visit by U.S. President Barack Obama.

Voter satisfaction with Mr. Rudd's performance has fallen below 50% for the first time since his center-left Labor administration was elected in November 2007, according to a poll published Tuesday, as he struggles to put in place his main campaign pledges. An election must be held by April 2011, but analysts say it is likely to be called sometime from mid-August on.

Martin O'Shannessy, chief executive of Newspoll, the most widely watched opinion poll in Australia, on Tuesday linked the fall in support for Mr. Rudd to fading voter optimism over the "big world-changing ideas," such as climate change, which people initially had faith in Mr. Rudd to tackle and "now perhaps are questioning."

Like Mr. Obama, due here March 25, Mr. Rudd has struggled to convert ideas into policy amid growing opposition from a resurgent conservative movement.

Voter satisfaction with Mr. Rudd's performance has dropped 10 percentage points since early December, to 48%. Dissatisfaction levels have risen by a similar amount, nine points, to 41%.

Still, Tuesday's Newspoll still has public support for Mr. Rudd's government ahead of the opposition, at 52% versus 48%, if the election were held today. Two years ago, however, the government enjoyed approval levels of above 60%. And while most commentators, including Mr. O'Shannessy, still believe the government can win a second term, Mr. Rudd's sliding popularity is a worrying trend for his strategists.

Mr. Rudd's Labor Party took office after many Australians lost faith in the nearly 12-year-old conservative administration of John Howard, a key ally of former President George W. Bush.

The Queensland-born 52-year-old, whose neat blond hair and boyish looks drew comparisons with the cartoon adventurer Tin-Tin, pledged to make Australia's economy green with a cap-and-trade carbon program, to fix or take over a failing public-hospital system from states by mid-2009, and to build a national broadband Internet network to rival speeds in Asia and elsewhere.

Mr. Rudd ratified Kyoto as his first act in office, isolating the U.S. as the only major developed economy not bound by mandatory caps.

But Mr. Rudd's environmental credentials are now seen as largely symbolic. His bid to introduce a cap-and-trade carbon plan that would force the nation's biggest polluters to account for their emissions has been rejected twice by the upper house Senate, where Labor needs the support of either Australia's main conservative Liberal-National opposition or all its minor-party senators to pass new laws.

The success of his health-care reform package, designed to improve aging hospitals with long wait lists and not enough doctors, also is in doubt. The plan, announced this month, calls for the federal government to take over from states the majority responsibility for funding the country's public hospitals, the biggest overhaul of the country's health system since the start of a universal health program in 1975.

Analysts say the odds are against Mr. Rudd's health overhaul, because states are unlikely to cede control over the system.

A spokesman for Mr. Rudd declined to comment. Speaking on Australian radio Tuesday, Mr. Rudd deflected concerns about his sinking poll numbers.

"The key things that Australian working families expect of me is to keep my sleeves rolled up and delivering on the basics," he said, especially health and hospitals. "When an election is held it's going to be very tightly fought. But I will simply continue in the business of ensuring that we are keeping the economy strong" and protecting jobs.

Reuters

Prime Minister Kevin Rudd

In a rare display of contrition, the generally self-assured Mr. Rudd last month conceded failure in at least one policy—a home-insulation program rolled out to create green jobs amid the financial crisis that was scrapped after it was revealed the program led to the death of four workers and nearly 100 house fires due to poor compliance and unscrupulous installers.

He went further in a newspaper interview, saying he hadn't achieved as much as he would have liked so far. "The expectation of the public is that we will deliver on the key reforms in health, in climate change, in education and elsewhere," Mr. Rudd said. "The wood is really on us to deliver. That is just a fact."

The apologies rankled some members of his party, who worried Mr. Rudd went too far, exposing weaknesses in the government.

The latest trigger for the decline in Mr. Rudd's popularity was the election in December of Tony Abbott, a conservative Catholic, as leader of the Liberals, ousting the more moderate Malcolm Turnbull.

Mr. Abbott's straight-talking style resonates with voters, especially in the vast mortgage-belt suburbs of Australia's most populous cities, Sydney and Melbourne. Under his leadership, the conservatives have used their Senate numbers to scuttle policy, while simultaneously criticizing Mr. Rudd's inability to deliver on his big policy ideas.

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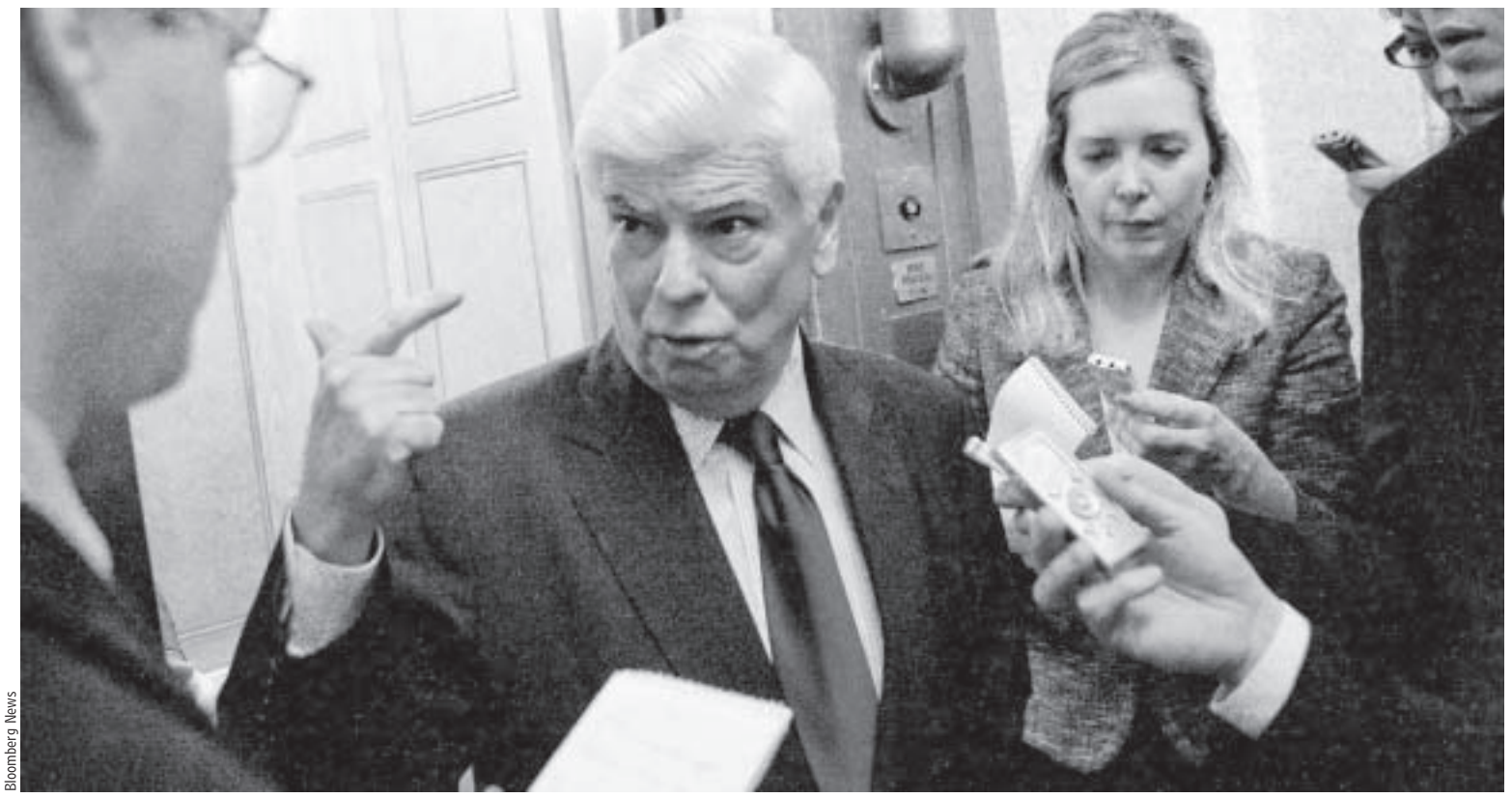
WORLD NEWS

Wall Street loses as small banks win

Democrats' financial overhaul would restrain big firms' profits and require them to hold more capital

By Damian Paletta And Randall Smith



Bloomberg News

Senate Banking Committee Chairman Christopher Dodd speaks to reporters Monday in Washington after unveiling a finance-overhaul bill.

WASHINGTON—A proposal advanced by Senate Democrats this week to overhaul financial markets would take sharp aim at big Wall Street banks, with provisions that would rein in profits, require more capital and tamp down executive compensation, likely exacerbating a political brawl between bankers and the White House.

If the bill becomes law, government scrutiny would extend to almost any financial product, from payday loans in Ohio to derivatives trades in Manhattan. Large national banks would face scrutiny from state attorneys general, reversing longstanding policy. Regulators would have the ability to split apart large, healthy financial companies as a last resort if they were concerned the company's risk and complexity could threaten the broader economy.

The bill's prospects remain unclear, and thus far it has no Republican support. Democrats are trying to generate momentum after months of attacks from Republicans and business groups who complained the overhaul push would kill jobs and weigh down a struggling economy. The Obama administration is expected to use the debate to pressure Republicans into either supporting the bill or appearing to side with the banks.

"We cannot wait any longer for real financial reform that brings accountability to the financial system and makes sure that the American taxpayer is never again asked to bail out the irresponsibility of our largest banks and financial institutions," President Barack Obama said Monday.

The bill from Senate Banking Committee Chairman Christopher Dodd (D., Conn.) would create distinct winners and losers in a new financial marketplace.

Among the winners, community banks and small credit unions would be financially able to compete, for perhaps the first time, against large competitors reined in by new restrictions on capital, complexity and size. The Federal Reserve and the Federal Deposit Insurance Corp. would see their powers redefined, and in many ways expanded.

On the other side of the ledger, large financial companies overseen by the Fed would have to pay into a $50 billion fund to pay for the collapse of failed financial firms. Mike Mayo, an analyst who follows big banks and securities firms at Credit Agricole Securities, said this cost would "really sting the most, because that's really bottom line negative impact if that were to go through."

Goldman Sachs Group Inc. and **Morgan Stanley** would be forbidden from shedding their banking charters to escape tougher regulation. Goldman would also be hit particularly hard by a provision, dubbed the Volcker Rule, in which regulators could force banks to get rid of divisions that make risky bets with their own capital. At Goldman, an estimated 10% of revenue come from such proprietary trading, according to a Sanford C. Bernstein & Co. report in January. The bank also has the largest private-equity investment operation on Wall Street.

Darrell Duffie, a finance professor at Stanford University's business school, said that if proposed stronger rules about how banks trade complex products such as derivatives—such as requiring them to put up more collateral—become law "there could be some serious reductions in leverage," which could cut bank profits.

Other large financial divisions like **General Electric** Co.'s GE Capital could be forced to comply with Fed supervision for the first time, although they likely wouldn't be forced to split off from their parent company.

Large mortgage lenders, even if they aren't banks, would be examined by a new consumer-protection division of the Fed. Mortgage brokers and payday-loan companies, which for years operated without much federal scrutiny, would face new rules.

The financial industry launched into a brisk attack of the bill, decrying the changes as unnecessary and saying they would stifle credit. Richard Hunt, president of the Consumer Bankers Association, an industry group representing retail banks, said the provision allowing states to pass tougher rules on national banks "would disrupt the uniform and efficient operation of the banking system, increase the cost of compliance, and potentially confuse consumers and businesses with a hodgepodge of rules and regulations."

While banking trade groups said they had fought against provisions in the bill, reaction from Wall Street was muted because many there believe the bill won't become law without extensive changes. A GE spokesman said the company is reviewing the details of the Dodd proposal. Firms including **J.P. Morgan Chase** & Co., **Citigroup** Inc. and Morgan Stanley declined to comment.

Mr. Dodd will need at least one Republican to support the bill to get the 60 votes needed to break a filibuster, and two Republicans who negotiated the most closely with him in recent weeks, Bob Corker of Tennessee and Judd Gregg of New Hampshire, said they would work to change the bill.

Mr. Gregg said Democrats shouldn't rush a vote when they have a "bipartisan solution on financial regulatory reform within our grasp."

Once-chastened Fed may gain new strength

By Sudeep Reddy

The Federal Reserve, battered by the public and politicians for months, emerged a winner in the latest Senate draft of legislation to remake the U.S.'s financial regulatory system.

The bill that Senate Banking Committee Chairman Christopher Dodd (D., Conn.) unveiled Monday would maintain the Fed as supervisor of the U.S.'s biggest financial institutions and give it a leading role in monitoring the financial system.

That is a departure from Mr. Dodd's initial proposal, which would have created new agencies to oversee banks, over the objections of the Fed and the Obama administration. The new bill also would make the Fed the home of a beefed-up regulator to protect consumers, though it would exert little control over it.

But the Dodd bill, which faces an uncertain future in the full Senate, would take oversight of thousands of banks with assets under $50 billion from the Fed and give it to other federal agencies. The change was fought by most of the presidents of the 12 regional Fed banks, whose role would be diminished by the change. The Fed has warned that the proposal would unwisely narrow its scope to 35 of the largest financial institutions.

The bill also would institute more political control over the Fed by giving the president—instead of the Fed—the power to name the president of the Federal Reserve Bank of New York. That person directly supervises major Wall Street firms and serves as vice chair of the Fed's monetary-policy committee.

"I don't necessarily see it as punishing the Fed but rather getting back to core functions and having clear lines of authority," Mr. Dodd said Monday.

The Fed's political standing waned throughout last year as lawmakers attacked its handling of bailouts and its failure as a regulator of mortgages ahead of the crisis. The anti-Fed sentiment nearly toppled Fed Chairman Ben Bernanke's confirmation to a second term as chairman, but his 70-30 victory in January appears to have been a turning point.

The Obama administration, banks and some Republican lawmakers have fought to keep authority inside the Fed instead of dispersing it to new agencies. Fed officials mounted a behind-the-scenes lobbying effort to maintain much of its authority.

"It looked like they [the Fed] were really going to be big losers in this," said Brian Gardner, a Washington analyst at the investment firm Keefe, Bruyette & Woods. "They've had Treasury on their side. They've had the industry on their side. The Fed may not have won every battle, but it was a consistent message coming from various parts of the banking industry that the Fed was the regulator to handle the biggest and most complex issues of the banking system."

Lawmakers view the Fed as one of the least political agencies in Washington, leading many to question the wisdom of transferring staff and starting a new bank-oversight bureaucracy, as Mr. Dodd initially proposed.

"There really is no other game in town when it comes to the standing and the credibility to regulate the largest banks," said Cornelius Hurley, a former Fed lawyer and director of Boston University's Morin Center for Banking and Financial Law.

But the Fed's battered reputation—as an institution that failed on consumer regulation—yielded the awkward arrangement for a new Consumer Financial Protection Bureau.

The Fed would house the bureau and fund it. But an independent director appointed by the president and confirmed by the Senate would write and enforce rules and hire staff.

That issue, among others, could create a showdown with the House, which in December voted to create a freestanding consumer regulator. The House bill maintained the Fed's role in supervising smaller banks and permitted broader congressional audits of the Fed than the Dodd bill does.

Both bills would narrow the emergency lending authority that allowed the Fed to lend to Bear Stearns and American International Group and subject it to Treasury approval.

The Dodd bill also would bar commercial bankers at firms supervised by the Fed from serving on the boards of the regional Fed banks, dismantling the provision of the 1913 law that created the Fed and gave commercial banks the power to name six of the nine directors on each board.

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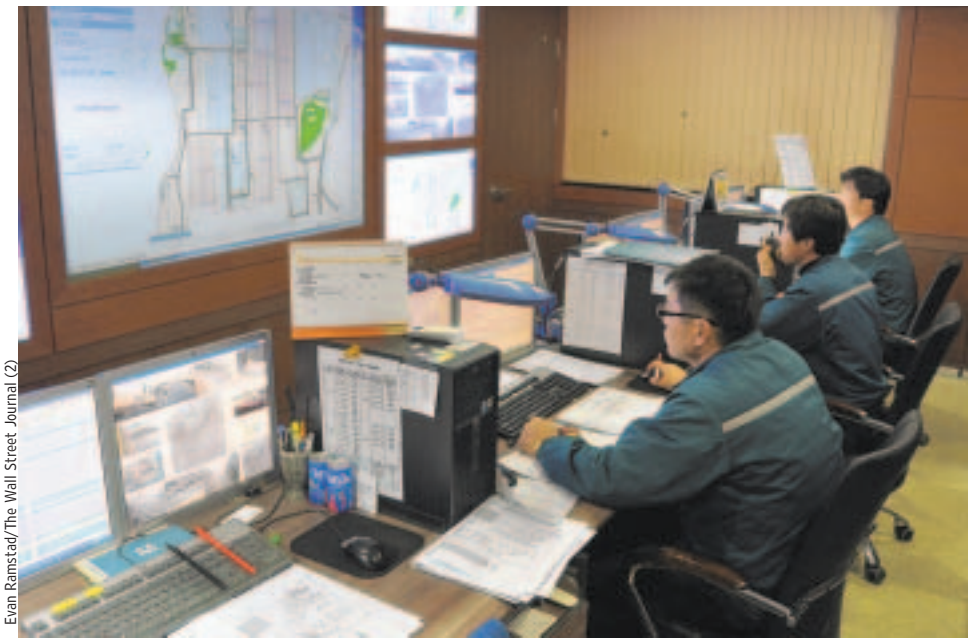


Evan Ramstad/The Wall Street Journal (2)

A Hyundai Heavy technician, left, uses a netbook to look at technical plans via a high-speed wireless network. Dispatchers, right, monitor the flow of transporters carrying giant parts for ships.

High-speed wireless network transforms a Korean shipyard

Hyundai Heavy system allows shipbuilder's workers to track parts, access plans; solving a software headache

By Evan Ramstad

ULSAN, South Korea—**Hyundai Heavy Industries** Inc., the world's largest maker of ships, has spent nearly $50 million on factory-planning software. But the company has faced a big obstacle making it work: Its "factory" stretches for kilometers over land and sea.

It's an environment that is too large and complex to be able to keep track of the movement of parts and inventory in real time. "All shipbuilding companies made investments in [enterprise resource planning software] but the efficiency is limited without real-time data," says Hwang See-young, chief information officer at Hyundai Heavy.

The challenge is magnified at Hyundai Heavy, where more than 8,000 workers build as many as 30 ships at a time, using millions of parts as small as rivets and as large as five-story buildings. The shipyard sprawls over 11 square kilometers (4.2 square miles) and includes nine drydocks, the biggest of which is longer than seven football fields and can build four vessels simultaneously.

But over the past few months, Hyundai Heavy deployed a high-speed wireless network across the yard, one of the first such installations in an industrial setting anywhere in the world. Data zips around the complex at four megabits per second, about four times as fast as on a cable modem that is common in U.S. homes.

Now, the company can use radio sensors to track the movements of parts as they go from fabrication shop to the side of a drydock and onto a ship under construction. Workers on a vessel can also access plans via notebook computers or handheld phones and hold two-way video conversations with ship designers in the office more than a mile away.

Hyundai Heavy is nearing completion on the network just as it and other shipbuilders adjust to one of the worst downturns in the industry's history. The global recession produced a steep drop in world trade and shipping. Hyundai Heavy received no new orders for ships last year, though it has a backlog of orders into 2012 and has other operations that build energy platforms and other offshore rigs. Industrywide, orders for new ships plunged last year to a mere 7.9 million compensated gross tons, a measurement of vessel size, down from 150 million CGT in 2008.

Without a strong upturn in orders later this year or next, South Korea—home to seven of the 10 largest shipbuilding firms—will experience a delayed shock from the global downturn as the decline in shipbuilders' output yields job losses and a drop in export value.

In large part, the new technology is designed to help Hyundai Heavy reduce expenses and streamline production. Mr. Hwang says the company estimates it will save around $40 million annually in reduced labor costs and improved efficiency.

KT Corp., South Korea's largest telecom firm, built Hyundai Heavy's network at a nominal cost for the shipbuilder in hopes of using it as a demonstration of high-speed wireless technology to other manufacturers. South Korea's government-backed Electronics and Telecommunications Research Institute helped design the system.

As part of the network, Hyundai Heavy this month began testing a communications link with workers who are inside a vessel that is below ground or sea level. Previously, workers with a problem inside a ship had to climb up topside to talk to someone by phone or walkie-talkie.

To change this, the company connected its new wireless network to the electric lines in the ship, which then convey the digital data to Wi-Fi transmitters placed around the hull during construction. The Wi-Fi system can then reach PCs, independent Web cams and Internet-based phones used by workers.

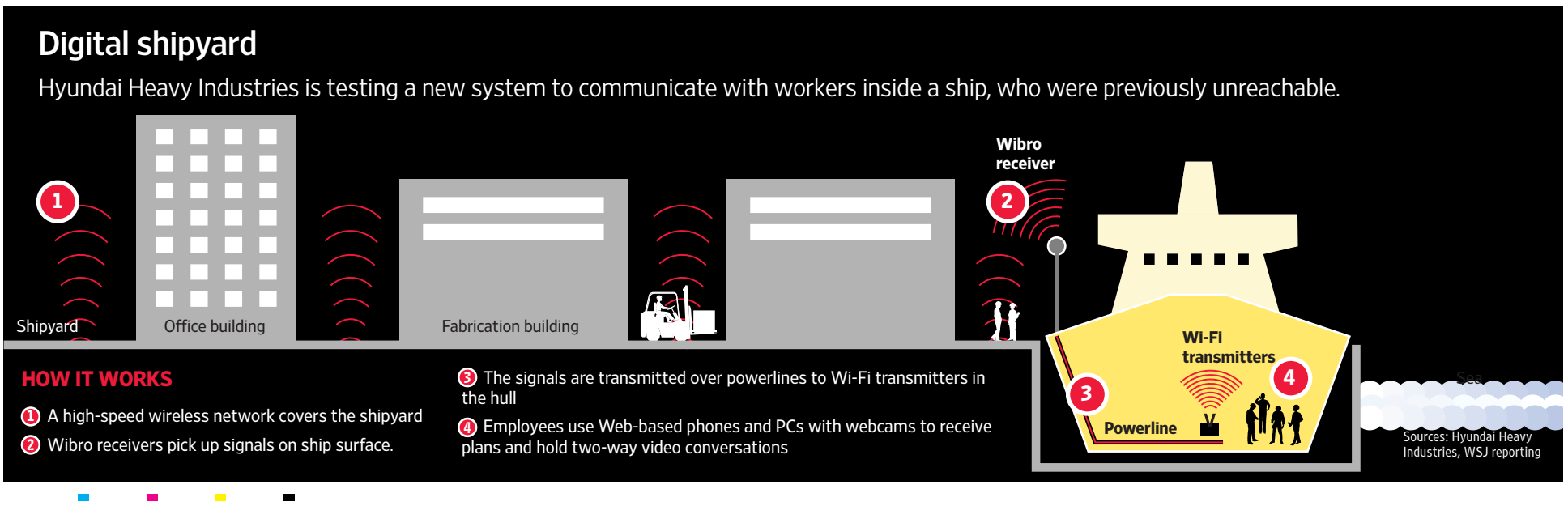
Now, workers inside a ship under construction simply use Skype numbers to call their colleagues on the surface. Designers in an office building about two kilometers or so away, meanwhile, can take control of Web cams to look in on problems.

"We can freely communicate with other workers, so work efficiency will improve and we expect to cut back working hours," says Han Jong-heon, a construction hand using the two-way video system inside a drill ship being completed in the quay at Hyundai Heavy. "Before this system, we had to frequently run up and down the stairs to talk, but there is no need now."

So far, the most visible change is on the roads of the shipyard, where 30 transporter trucks move engines, steel frames and other parts from fabrication sheds to dockside. They've been fitted with receivers that connect to the wireless network once every 20 seconds to update their location to a control room. Dispatchers can more easily match the location of transporters with orders for parts.

"When we finish one move, we look around the transporter to see what's nearby that needs to move next," says Choi Hong-kyu, who works in the control room. Trips have been shortened and all of the day's moves are now finished by 6 p.m. instead of 8 p.m., he says.

—Jaeyeon Woo contributed to this article.


Digital shipyard
Hyundai Heavy Industries is testing a new system to communicate with workers inside a ship, who were previously unreachable.
1
Shipyard
Office building
Fabrication building
Wibro receiver
2
Wi-Fi transmitters
3
4
Powerline
HOW IT WORKS
1 A high-speed wireless network covers the shipyard
2 Wibro receivers pick up signals on ship surface.
3 The signals are transmitted over powerlines to Wi-Fi transmitters in the hull
4 Employees use Web-based phones and PCs with webcams to receive plans and hold two-way video conversations
Sources: Hyundai Heavy Industries, WSJ reporting

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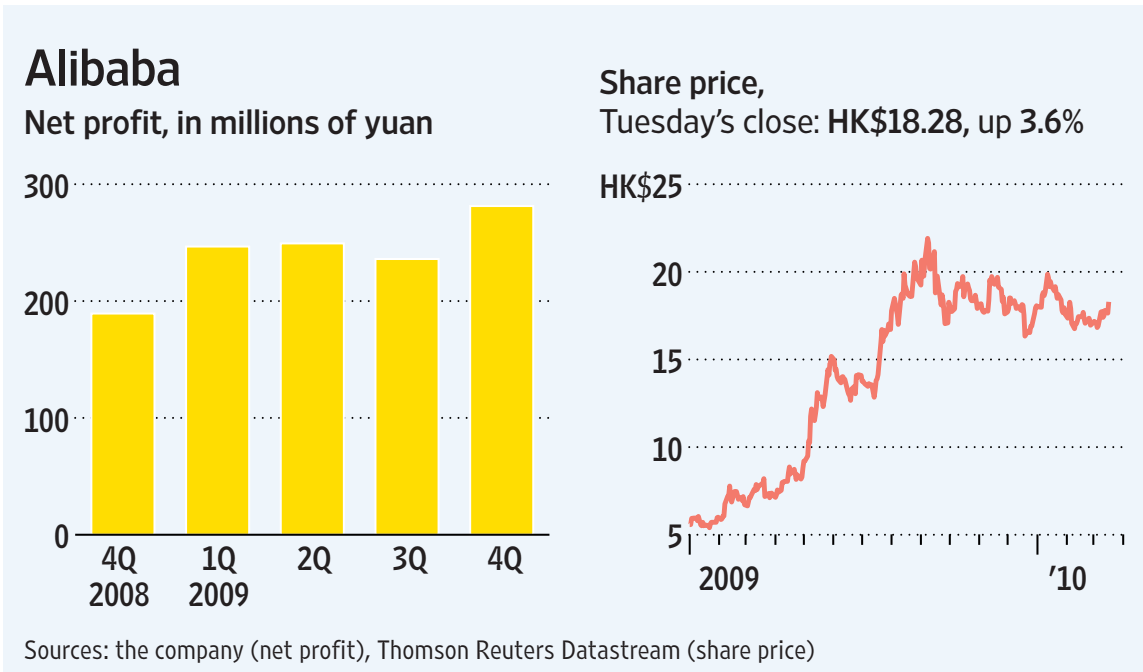


Sources: the company (net profit), Thomson Reuters Datastream (share price)

Alibaba's profit jumps as members increase

Chinese business-to-business Web site plans domestic investment as earnings rise 49%

By Lorraine Luk

HONG KONG—Business-to-business Internet company **Alibaba.com** Ltd. on Tuesday said its fourth-quarter net profit rose 49% as members and revenue increased.

Chief Executive David Wei said the company will continue to invest in technology and talent in China this year, since it expects domestic demand to fuel long-term growth.

The improvement in Alibaba's earnings comes as the global economy is recovering from the financial crisis, boding well for exports and domestic consumption in China. Alibaba, which provides listings for mostly Chinese manufacturers soliciting buyers, takes membership fees in return and derives most of its revenue from Chinese exporters. Its parent, **Alibaba Group**, is 39%-owned by **Yahoo** Inc.

Alibaba.com said its net profit for the three months ended Dec. 31 rose to 281.2 million yuan ($41.2 million) from 189.2 million yuan a year earlier. Revenue rose 36% to 1.11 billion yuan from 814.2 million yuan a year earlier.

Full-year 2009 net profit fell 12% to 1.01 billion yuan from 1.15 billion yuan a year earlier because of higher marketing costs and increased spending on infrastructure and technology. Alibaba.com's quarterly net profit beat the average 265 million-yuan forecast of seven analysts polled by Dow Jones Newswires.

Mr. Wei said that while he is bullish about export growth in China for the first half of this year, he remains cautious about the outlook for the third quarter, since there are still uncertainties over the recovery in U.S. employment and global financial markets.

"Because of these unchanged basic factors, we should not expect a sustainable recovery in the global economy," Mr. Wei said.

The company, which recognizes revenue from membership fees over a 12-month period, also said an increase in "deferred revenue"—income received but not yet recognized—in the period was a sign of brightening prospects.

Deferred revenue rose 50% to 3.44 billion yuan in the fourth quarter from 2.29 billion yuan a year earlier. Mr. Wei said this is a good indicator of future revenue growth.

Alibaba had called 2009 "a year of investment" as it raised spending on additional staff, research and development, and new marketing such as a $30 million advertising campaign in the U.S. and other foreign markets.

He said the company has seen a return on investment through net customer additions. The company's premium users more than doubled in 2009 from a year earlier to 96,110. Alibaba's total paying members in 2009 rose 42% from a year earlier to 615,212.

Last year, its international marketplace, which serves small to midsize enterprises in China that engage in export trade, accounted for 62% of revenue.

Revenue from its international marketplace rose 28% to 2.41 billion yuan from 1.88 billion yuan a year earlier. Revenue from its China marketplace, which serves domestic trade in China, rose 29% to 1.41 billion yuan from 1.09 billion yuan a year earlier.

Apart from organic growth, Alibaba.com has also been keen on acquisitions. In December, Alibaba bought an 85% stake in Chinese Internet-services provider China Civilink (Cayman) for 435.42 million yuan.

The acquisition was its second since August, when it agreed to purchase the business-management-software division of its Alisoft Holding Ltd affiliate.

Mr. Wei said the company is still integrating its business with China Civilink and he expects China Civilink to contribute meaningful growth to the company's business in 2011.

He added the company is still looking at investment opportunities globally, without elaborating. The company is likely to announce some new projects in the U.S., Japan and India in the second quarter, he said.

Bazaar: New Delhi

What they're buying at Asia's gadget emporiums

Sony

The place Croma, Rajouri Garden

The goods Sony Vaio VPCEB14EN notebook computer

The specs This E-Series laptop, launched just this month in India, packs a 15.5-inch screen in a 16:9 wide aspect, and an ATI graphics card combined with an Intel Core i3-330M processor—so it's built to handle high-definition movie files and games. The notebook also has an HDMI-outport, so you can watch movies on an HDTV with a cable. At 2.7 kilograms, it's not exactly a lightweight, but its palm rest, according to Sony's Web site, is "accented by fine glittering particles," so mobility is the price you pay for beauty. There's also an integrated webcam.

The price 38,990 rupees ($856), inclusive of all local taxes

The deal Numerous attempts at bargaining for the product proved futile as the Croma staff bet this is a "value for money" item for people who plan a high-end laptop at an entry-level price. It does leave the competition far behind though, being at least 15% less on retail price for the same configuration. —R. Jai Krishna

DIGITS

Insights from WSJ.com

PayPal bumps iPhone payments to new level

Next time you're splitting the cost of a dinner with friends, PayPal wants you to pay with a fist bump—or, more precisely, an iPhone bump.

A new version of the online payments service's iPhone app made its debut Monday, with a feature that allows you to pass money from one person to the next by bumping—or simultaneously shaking—two phones. (You need not worry about all your money accidentally pouring out of the phone in your pocket; both sides have to set up and confirm the transfer in the software before it goes through.)

For PayPal, the new app is part of a long-term effort to bring its online payments—which started out as a way to pay on **eBay**—into the mobile world. PayPal first launched mobile payments through SMS and a voice response system in 2006, and launched an initial version of its iPhone app in 2008, followed since by apps for Android and Blackberry.

In 2008, PayPal's mobile apps completed 24 million transactions; in 2009, that leapt to 140 million. Eric Duprat, PayPal's general manager of mobile, says the market is only set to grow, but he wouldn't predict by exactly how much.

In addition to the bumping feature, the new version of the iPhone app tries to be a more general-purpose tool for dealing with money in your everyday life, including software that helps you figure out how to split up a bill, and reminders for recurring bills.

—Geoffrey Fowler

Seeing success on the Palm Pre

Success stories about iPhone app developers are well documented, but one game maker says it has gotten better results in an unlikely place: **Palm**'s App Catalog for its Pre and Pixi smartphone devices.

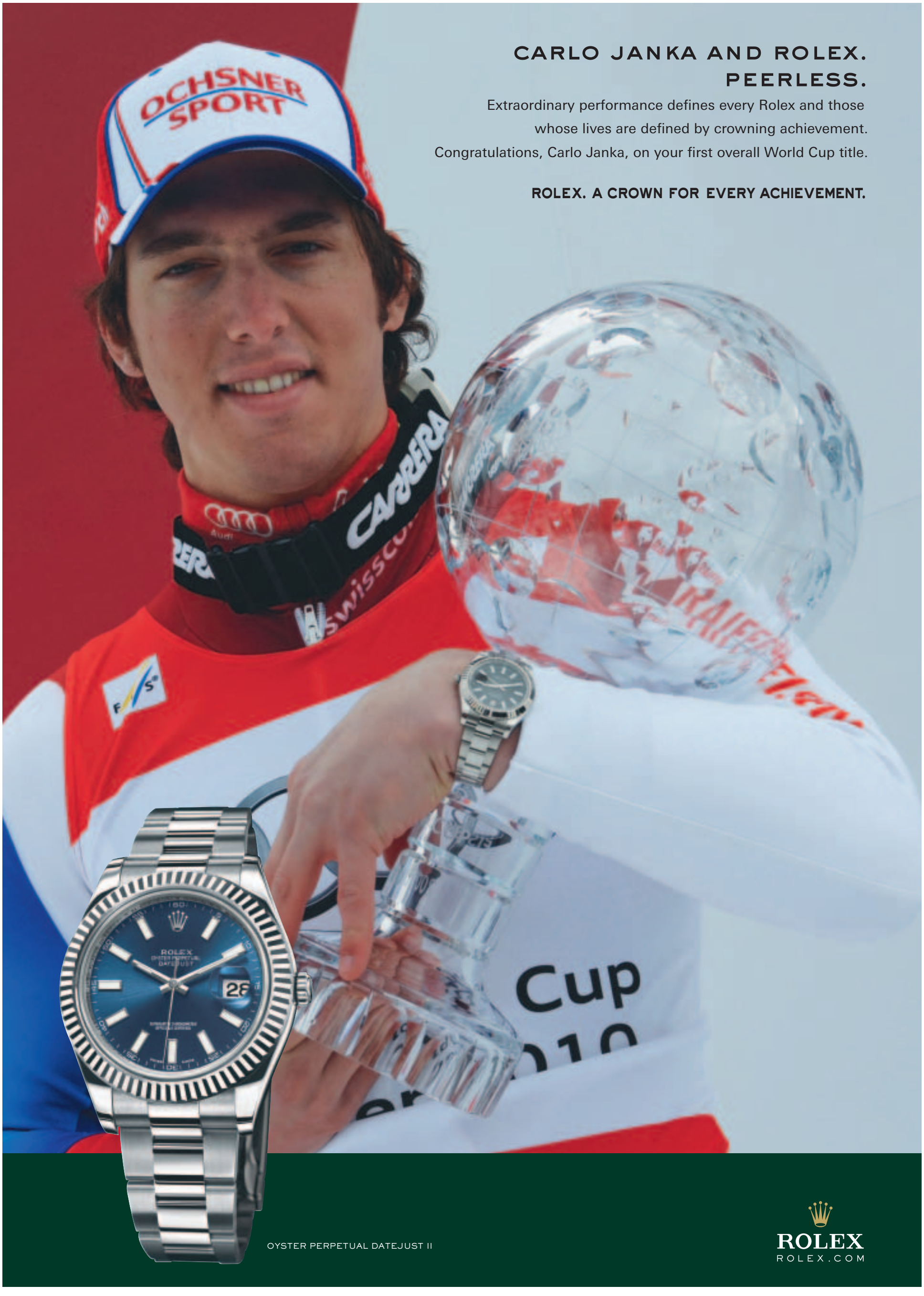
Palm, which has been trying to turn itself around, created a stir last month when it admitted that its phones weren't selling as well as it had expected. Palm warned that its revenues for the year would be "well below" forecasts.

But Redwood City, Calif.-based **Self Aware Games** says it liked Palm's webOS software enough that it took a chance about a year ago and started developing poker and blackjack games like "Word Ace" and "Card Ace: Blackjack" for Palm devices first, closely followed by versions for the iPhone and Facebook.

What makes Self Aware's games different from many others is that the company added a social-networking element in which players can gift virtual drinks, chips or other items to each other. The games themselves are free and players can pay to buy the virtual items, which can cost between $1 to $100 for a large stack of chips.

So far, the bet appears to be paying off. Self Aware says it is taking in about $50,000 a month in revenue from the sale of virtual goods.

—Yukari Iwatani Kane



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THE PROPERTY REPORT

Hong Kong studies apartment sales

More than 4,000 units could be sold as government tries to cool off property market; prices surged 30% last year

By Joyce Li
And Aries Poon

HONG KONG—The Hong Kong government said it may put more than 4,000 subsidized apartments up for sale to cool the city's property market, but rejected calls to resume the construction of affordable housing.

Property prices in Hong Kong surged nearly 30% last year, leading to concerns over the formation of an asset bubble, and some legislators have said the government should relaunch the Home Ownership Scheme to help people with lower incomes.

Analysts said the sale of the subsidized apartments won't have much of an effect without a government commitment to build more.

"The impact is negligible," said Alnwick Chan, an executive director at Frank Knight. "It's just a gesture to address public worries, and it's something that can be done immediately by the government."

Property stocks underperformed the broader market following the news. Late Tuesday, the property subindex was down 1%, while the Hang Seng Index ended down 0.3%.

The Housing Authority stopped building and selling apartments under the Home Ownership Scheme in 2003 after developers complained about government interference in the property market. The government resumed the sale of the subsidized apartments in 2007, and there are about 4,000 of the affordable units left.

"We gave serious thought to the matter when we made our decision back then. It's not something that we'll alter easily," Secretary for Transport and Housing Eva Cheng said Monday.

"Currently, our direction [on housing policy] is correct, and many people agree that we should deal with the root of the problem from the supply side," Ms. Cheng said.

Bloomberg News

A Hong Kong Housing Authority apartment complex is pictured in this 2004 photo. The government has no plans to build additional affordable housing.

The government also said Monday it will sell 374 subsidized apartments under its Sandwich Class Housing Scheme, under which homes are sold at a discount of about 23% to market prices to people with middle-class incomes, or monthly family household income of less than 39,000 Hong Kong dollars (US$5,027).

Average prices for the property projects amount to HK$3,000-HK$3,700 per square feet.

Ms. Cheng said the government will discuss the proposal to sell the apartments under the Home Ownership Scheme with the Housing Authority by the end of this month, adding they could be put on sale in June at the earliest.

Both measures could "increase the supply of small- and medium units in the next few months," she said.

Since late last year, the government has fine-tuned its land-supply policy by making more prime sites available for auction, and encouraging the Urban Renewal Authority and **MTR Corp.**, the main sources of land supply along with the government, to put up projects for tender.

Business Real Estate

ANNOUNCEMENTS

**NOTICE OF PUBLIC SALE OF COLLATERAL
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PLEASE TAKE NOTICE THAT on March 24, 2010, at the hour of 11:00 a.m. Eastern Standard time, DekaBank Deutsche Girozentrale ("Secured Party") will hold a public foreclosure sale at the offices of Secured Party's counsel set forth below under Section 9-610 of the Uniform Commercial Code, to sell to the highest qualified bidder 100% of the membership interests in Istithmar Hotels Union Square LLC (the "Entity") and related rights (the "Collateral") pledged to Secured Party by Istithmar Hotels Union Square Mezz 1 LLC (the "Pledgor").

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Liberty sells historic shop

By Hannah Benjamin
And Cecilie Rohwedder

LONDON—U.K. luxury retailer **Liberty PLC** sold its Tudor-style department store building, a landmark in central London, to private real-estate investors **Sirosa Liberty** Ltd. for £41.5 million, or about $63 million, to repay its debt.

The retailer, known world-wide for the floral patterns of its fabrics, said it is planning to lease back the premises and continue to operate in the 125,000-square-foot, wood-paneled store located on one of London's busiest shopping streets. The deal will ease the financial pressure on Liberty, which ended the first half of 2009 with more than £24 million in net debt.

For Liberty, which is majority-owned by British real estate firm **MWB Group Holdings** PLC, the sale comes at a time of transition that could end with a takeover of the company.

Last week, the retailer said it had received approaches from potential buyers. Industry insiders speculate that the suitors include **BlueGem Capital Partners**, a three-year-old private-equity fund that was set up by former Merrill Lynch bankers to invest in midmarket companies in Italy and the U.K. Marco Capello, founder and managing partner of BlueGem, declined to comment.

Liberty's future has been uncertain since July, when MWB appointed advisers for a strategic review with the goal of finding investors to nurture its business, thereby effectively putting it up for sale.

Under Chief Executive Officer Geoffroy de La Bourdonnaye, who joined the historic retailer in 2007 from French luxury goods group LVMH Moët Hennessy Louis Vuitton SA, the business has already undergone sweeping changes. Mr. de la Bourdennaye changed Liberty's management, brought in brands not available at London department stores and re-configured the sales area in the sprawling, 86-year-old flagship building.

The CEO also raised Liberty's profile among fashionistas with exclusive shopping events such as a temporary pop-up-boutique that opened last autumn in the store by luxury titan Hermès International SA. And just this month, he broadened Liberty of London's reach through a collection for U.S. retailer **Target** Corp., which started selling a range of floral-themed products this week. A spokeswoman for Liberty said Mr. de La Bourdonnaye wasn't available to comment.

Under the terms of the real-estate deal proposed Monday, Liberty will take an institutional 30-year lease on the building at an initial annual rent of £2.1 million, with five yearly fixed rent reviews during the intervening period. At the end of 2009, the flagship store was valued at £30.25 million. Earlier this month, Liberty's Chairman, Richard Balfour-Lynn, said a £40 million price tag on the building wasn't ambitious.

In a statement Monday, Liberty said: "The sale price therefore represents a substantial surplus over that valuation, reflecting the increased demand for prime freehold property assets in Central London."

The sale's completion is conditional on MWB shareholders' approval, which is expected to be sought in April.

Give the Bank of Japan a Break

Japanese politicians are urging their central bankers to "do more" to flight deflation, and at its policy meeting today the Bank of Japan is likely to oblige with yet another form of easing. We say it's time the politicians give their central banks a break—and not only in Japan.

The BOJ is likely to expand a short-term lending program that allows banks to borrow at a 0.1% interest rate. Currently 10 trillion yen ($110 billion) is available through this facility, and that could double now. The goal is to find a new way to push cash into the deflation-prone economy when the benchmark policy rate is already near zero. The BOJ probably hopes this will also help get Finance Minister Naoto Kan and other politicians off its back.

But this monetary easing isn't the kind of stimulus Japan's economy needs. While the BOJ can increase the monetary base—the quantity of yen in circulation—it can't force people to use those yen for business investment or consumption. A worrying sign in this respect is February's 1.5% fall in bank lending year-on-year, the third month of decline.

Japan's own recent monetary history offers clues to what happens when the central bank pushes cash into the hands of people who have no use for it: nothing. The Land of the Rising Sun is hardly a stranger to falling interest rates or looser money, and it still has been mired in various degrees of stagnation for going on two decades.

> Monetary policy has its limits as a form of stimulus.

Tokyo's first recent foray into easy money came in the 1990s. In response to the bursting of the 1980s bubble, the Bank of Japan cut interest rates by steps from 8% in 1991 to 0.5% in 1995. When that didn't work, the rate fell to zero in 1999. BOJ Governor Masaru Hayami tried to return to monetary normalcy by raising rates to 0.25% in 2000, but he was roundly criticized for risking another plunge into deflation and by the next year the effective zero interest rate was back.

Note that this policy coincided with Japan's first lost decade. With the economy on shaky ground and companies and households deleveraging, there simply wasn't demand for money for growth- and job-creating investment. Instead, cheap money made it possible to sustain "zombie" corporations that should have been allowed to fail.

Nonetheless, under pressure from the government the Bank of Japan in March 2001 embarked on yet more monetary stimulus, this time via quantitative easing—central bank purchases of government bonds and other assets from banks. This didn't work either. In 2002, the first full year in which quantitative easing was in effect, the monetary base expanded 18% but lending fell and deflation worries returned. In the face of ongoing deleveraging there was little monetary policy could do. By 2005, banks had so little use for the cash that the BOJ was having trouble getting them to take it. In February that year, the central bank's attempt to buy 400 billion yen of commercial debt from banks found banks willing to sell it only 300 billion yen.

This history suggests that Japan's economic problems run a lot deeper than simply the need for more yen floating around. Crucially, policy makers dragged their feet for years in cleaning up the financial system in the 1990s, allowing banks to delay dealing with their bad assets. Meanwhile, various trade protections and mounds of red tape shielded Japanese companies from competition. If anything, loose money hurt over the long-term—nothing concentrates corporate minds on how to generate growth like slightly scarce capital.

The central bank has a role to play in ensuring the monetary supply at least doesn't contract, and its latest bout of easing may well help that. This is potentially a concern given apparent slowing in the growth of the broad money supply to 2.2% in February year-on-year, a few percentage points lower than recent months. But beyond that, what Japan needs is growth-inducing structural reforms, not just more cash. There's a lesson for that for central bankers everywhere—and the politicians who would rather shift the blame than stand up to their own protectionist lobbies, trade unions, subsidized industries and other assorted enemies of competition.

A Warning to Sarkozy

Nicolas Sarkozy's UMP took a drubbing in France's regional elections Sunday, racking up just 27% of the vote, against 48% for the Socialists and Communists combined. This has prompted some pundits to declare that Mr. Sarkozy's reform proposals are dead for the remainder of his Presidency. Mr. Sarkozy was quick to respond that these were, after all, only local elections and would have no impact on his agenda.

Allow us to adjudicate this dispute: Both views are wrong because they get the causation backward. President Sarkozy's party was beaten up in Sunday's elections because Mr. Sarkozy has failed to live up to his promise of being a different sort of French leader. After nearly three decades of the uninterrupted statism of Socialist Francois Mitterrand and "conservative" Jacques Chirac, French voters ushered Mr. Sarkozy into power in 2007 because he promised to reinvigorate both the country and the government, to stand up to powerful vested interests that have for too long paralyzed the country, and to get France working again. What the French have gotten instead is a great deal of tabloid-style drama about the President's stature, his marriage, possible infidelities, leavened by small doses of relatively timid reform and occasional heapings of anti-"Anglo-Saxon" paranoia.

That script is all too typical of recent French politics. But it is precisely the legacy with which Mr. Sarkozy promised a break during his campaign. So it's no wonder voters are frustrated.

After Sunday's showing, the Socialists will, naturally, argue that Mr. Sarkozy has lost his mandate for reform. Nothing could be further from the truth. The lesson for Mr. Sarkozy is to recall why voters entrusted him with the presidency in the first place. If he makes use of the time remaining to him before the presidential elections in 2012, he could still make a difference by pushing France in a pro-growth direction. The alternative is to join his local and regional colleagues in retirement after that poll.

Slaughter House Rules

We're not sure American schools teach civics any more, but once upon a time they taught that under the U.S. Constitution a bill had to pass both the House and Senate to become law. Until this week, that is, when Speaker Nancy Pelosi is moving to merely "deem" that the House has passed the Senate health-care bill and then send it to President Obama to sign anyway.

Under the "reconciliation" process that began Monday afternoon, the House is supposed to approve the Senate's Christmas Eve bill and then use "sidecar" amendments to fix the things it doesn't like. Those amendments would then go to the Senate under rules that would let Democrats pass them while avoiding the ordinary 60-vote threshold for passing major legislation. This alone is an abuse of traditional Senate process.

But Mrs. Pelosi & Co. fear they lack the votes in the House to pass an identical Senate bill, even with the promise of these reconciliation fixes. House Members hate the thought of going on record voting for the Cornhusker kickback and other special-interest bribes that were added to get this mess through the Senate, as well as the new tax on high-cost insurance plans that Big Labor hates.

So at the Speaker's command, New York Democrat Louise Slaughter, who chairs the House Rules Committee, may insert what's known as a "self-executing rule," also known as a "hereby rule." Under this amazing procedural ruse, the House would then vote only once on the reconciliation corrections, but not on the underlying Senate bill. If those reconciliation corrections pass, the self-executing rule would say that the Senate bill is presumptively approved by the House—even without a formal up-or-down vote on the actual words of the Senate bill.

> How Democrats may 'deem' ObamaCare into law.

Democrats would thus send the Senate bill to President Obama for his signature even as they claimed to oppose the same Senate bill. They would be declaring themselves to be for and against the Senate bill in the same vote. Even John Kerry never went that far with his Iraq war machinations. As we went to press, the precise mechanics that Democrats will use remained unclear, though Monday Mrs. Pelosi endorsed this "deem and pass" strategy in a meeting with left-wing bloggers.

This two-votes-in-one gambit is a brazen affront to the plain language of the Constitution, which is intended to require democratic accountability. Article 1, Section 7 of the Constitution says that in order for a "Bill" to "become a Law," it "shall have passed the House of Representatives and the Senate." This is why the House and Senate typically have a conference committee to work out differences in what each body passes. While sometimes one house cedes entirely to another, the expectation is that its Members must re-vote on the exact language of the other body's bill.

As Stanford law professor Michael McConnell pointed out in a recent op-ed in our U.S. edition, "The Slaughter solution attempts to allow the House to pass the Senate bill, plus a bill amending it, with a single vote. The senators would then vote only on the amendatory bill. But this means that no single bill will have passed both houses in the same form." If Congress can now decide that the House can vote for one bill and the Senate can vote for another, and the final result can be some arbitrary hybrid, then we have abandoned one of Madison's core checks and balances.

Yes, self-executing rules have been used in the past, but as the Congressional Research Service put it in a 2006 paper, "Originally, this type of rule was used to expedite House action in disposing of Senate amendments to House-passed bills." They've also been used for amendments such as to a 1998 bill that "would have permitted the CIA to offer employees an early-out retirement program"—but never before to elide a vote on the entire fundamental legislation.

We have entered a political wonderland, where the rules are whatever Democrats say they are. Mrs. Pelosi and the White House are resorting to these abuses because their bill is so unpopular that a majority even of their own party doesn't want to vote for it.

OPINION

Letters To The Editor

* * *

Quotas for Female Legislators Strengthen India's Democracy

Your editorial "India, Women and Democracy" (Review & Outlook, March 11), on quotas for female legislators in national and state parliaments, reflects a troubling lack of understanding about our nation.

Key social ills such as female infanticide, dowry deaths and other problems inhibit India's progress. Empowering women through greater presence in decision making at the highest levels in government is a laudable step and sets an example for other wealthier, but less democratic, nations. You should examine the positive impact that similar legislation is having at the *panchayat*—village and town committee—level before hazarding a guess as to how this new quota will "degrade" Indian democracy.

Across the socio-political spectrum, the partial passage of this bill is being hailed as legislation that will be remembered for its role in strengthening the country, yet you accuse the Indian government of undermining democracy by trying to push through the bill. On the contrary, the legislation showcases India's thriving democracy.

Rohinton A. Madon
Mumbai

* * *

Friendship Only Goes So Far in Conflicts

Regarding Joseph W. Ralston's "Why the Pentagon Needs Friends in Beijing" (op-ed, March 8): When I was an undergraduate at a university in Indiana, I had a Chinese roommate. Part of his family lived in Hong Kong, the majority lived in the People's Republic of China. I was in the U.S. Air Force ROTC program.

One day, Chi asked me an interesting question. If he was in the People's Liberation Army and I was in the U.S. Army, what would I do with him if I captured him. I replied that I would take him prisoner and that he would be put in an American POW camp where he would be fairly and fully taken care of.

He replied that if the situation were reversed, he would not shoot me; he would have his men shoot me.

There are friendships and then there are "friendships." Contacts, relationships and common schools do not guarantee help and utility in times of stress and war.

David B. Williams
Maryland Heights, Mo.

* * *

The U.S. Is Working to Improve The U.N. Human Rights Council

As the recently confirmed U.S. ambassador to the U.N. Human Rights Council, I feel obliged to correct a misleading impression left by your March 9 editorial "Friend and Faux on Human Rights." I applaud your strong endorsement of the Geneva Summit of human-rights defenders and dissidents who are working to bring the world's attention to the most severe human-rights atrocities. These champions of human rights deserve our unbridled support and I join you in acknowledging the importance of their courageous efforts.

The impression, however, that the Obama administration does not support "truth tellers" and that the U.S. ambassador to the Human Rights Council has not even bothered to "show up" is mistaken. As you note, while the Bush administration decided not to participate in the Human Rights Council, President Obama chose to send an ambassador to signal the great importance he places on human rights.

Finally, your editorial notes that Secretary of State Hillary Clinton promised that by joining the Council, the U.S. would "engage in the work of improving the U.N. human rights system." You then comment that "whatever they're doing, it doesn't seem to be working." I respectfully disagree.

The Council's demonstrated shortcomings notwithstanding, in the last few months the U.S. has made its presence known. We championed a far-reaching resolution on freedom of expression, working with Egypt in a cross-regional partnership that broke new political ground. We also worked diligently to secure Israel's membership in a Geneva-based consultative body, in what the Israeli government deemed a historic step forward. During the current Council session we continue to champion freedom of speech and to press for robust country resolutions.

Before you condemn the U.S. efforts to improve the U.N. Human Rights Council, look closely at what we are doing. Please be assured that we will work tirelessly in our efforts to move the Human Rights Council to become a more effective and credible entity for promoting and protecting human rights.

Eileen Donahoe
U.S. Ambassador to the U.N. Human Rights Council
Geneva

THE WALL STREET JOURNAL. ASIA

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The Settlements Aren't the Problem

[Global View]

By Bret Stephens

I once got an angry letter from Baruch Goldstein's father. Goldstein, remember, was an Israeli settler who in 1994 entered the Cave of the Patriarchs in Hebron and gunned down 29 Muslim worshippers. A decade later, I wrote a column for the Jerusalem Post in which I described Goldstein as personifying Israel's lunatic extreme. The father insisted that his son deserved to be celebrated as a hero. Indeed, his grave site was transformed into a shrine until the Israeli army eventually tore it down.

It's easy to dislike Israel's settlements, and still easier to dislike many of the settlers. Whatever your view about the legality or justice of the enterprise, it takes a certain cast of mind to move your children to places where they are more likely to be in harm's way. In the current issue of the American Interest, former U.S. Ambassador to Israel Daniel Kurtzer persuasively spells out the many ways in which the settlement movement has undermined Israel's own rule of law, and hence its democracy. And as last week's diplomatic eruption over the prospective construction of 1,600 housing units in municipal Jerusalem shows, the settlements are a constant irritant to the United States, one friend Israel can't afford to lose.

So it would be a splendid thing for Israel to tear down its settlements, put the settlers behind its pre-1967 borders and finally reach the peace deal with the Palestinians that has been so elusive for so long.

Except for one problem: The Israeli-Palestinian conflict isn't territorial. It's existential. Israelis are now broadly prepared to live with a Palestinian state along their borders. Palestinians are not yet willing to live with a Jewish state along theirs.

That should help explain why it is that in the past decade, two Israeli prime ministers—Ehud Barak in 2000 and Ehud Olmert in 2008—have put forward comprehensive peace offers to the Palestinians, and have twice been rebuffed. In both cases, the offers included the division of Jerusalem; in the latter case, it also included international jurisdiction over Jerusalem's holy places and concessions on the subject of Palestinian refugees. Current Prime Minister Benjamin Netanyahu has also offered direct peace talks. The Palestinians have countered by withdrawing to "proximity talks" mediated by the U.S.

The Palestinian's beef with Israel isn't territorial. It's existential.

It also helps explain other aspects of Palestinian behavior. For Hamas, Tel Aviv is no less a "settlement" than the most makeshift Jewish outpost on the West Bank. The supposedly moderate Fatah party has joined that bandwagon, too: Last year, Mohammed Dahlan, one of Fatah's key leaders, said the party was "not bound" by the 1993 Oslo Accords through which the PLO recognized Israel.

Then there is the test case of Gaza. When Israel withdrew all of its settlements from the Strip in 2005, it was supposed to be an opportunity for Palestinians to demonstrate what they would do with a state if they got one. Instead, they quickly turned it into an Iranian-backed Hamas enclave that for nearly three years launched nonstop rocket and mortar barrages against Israeli civilians. Israel was ultimately able to contain that violence, but only at the price of a military campaign that was vehemently denounced by the very people who had urged Israel to withdraw in the first place.

As it happens, I supported Israel's withdrawal from Gaza, bloody-minded neocon though I am. On balance, I still think it was the right thing to do. By 2005, Israel's settlements in the Strip had become military and political liabilities. But there is a duty to take account of subsequent developments. And the sad fact is that the most important thing Israel's withdrawal from Gaza accomplished was to expose the fanatical irredentism that still lies at the heart of the Palestinian movement.

The withdrawal exposed other things too. For years, Israel's *soi-disant* friends, particularly in Europe, had piously insisted that they supported Israel's right to self-defense against attacks on Israel proper. But none of them lifted a finger to object to the rocket attacks from Gaza, while they were outspoken in denouncing Israel's "disproportionate" use of retaliatory force.

Similarly, Israel withdrew from Gaza with assurances from the Bush administration that the U.S. would not insist on a return to the 1967 borders in brokering any future deal with the Palestinians. But Hillary Clinton reneged on that commitment last year, and now the administration is going out of its way to provoke a diplomatic crisis with Israel over a construction project that—assuming it ever gets off the ground—is plainly in keeping with past U.S. undertakings.

In the past decade, Israelis have learned that neither Palestinians nor Europeans can be taken at their word. That's a lesson they may soon begin to draw about the U.S. as well. Which is a pity for many reasons—not least because it gives the settler movement every excuse it needs to keep rolling right along.

Write to bstephens@wsj.com

Mixed Appetizers

[Bookshelf]

The Gastronomica Reader
Edited by Darra Goldstein
(University of California, 365 pages, $39.95)

By Aram Bakshian Jr.

One must take the bitter with the sweet. Any anthology published by a university press is likely to yield mixed results, and this volume, a sampling of articles from Gastronomica: The Journal of Food and Culture, is no exception. To be sure, there is plenty of professorial dross but also more than enough clever, engaging culinary excursions to compensate.

The dross includes R. Marie Griffith's "Don't Eat That," a title that sounds promising enough—until you get to the subtitle, which only a thesis adviser could love: "The Erotics of Abstinence in American Christianity." Ms. Griffith's theory that "American culture's treasured doctrine of the perfectible body is deeply indebted to Christian currents" will come as news to anyone who has ever attended a church social. Robert Pincus in "Wine, Place, and Identity in a Changing Climate" makes good points on the importance of locality to certain varieties of grapes and wines, but then he launches into dire predictions based on global-warming "climate simulation" forecasts. As for poetess Edith Pacht's "Recipe for S&M Marmalade," it is tasteless in every sense.

"The Gastronomica Reader" is at its best on historical subjects, such as the Runyonesque tale of Harry Solomon Dolowich related in Andrew Coe's "The Egg Cream Racket." Dolowich was a petty chiseler from the Lower East Side who in 1929 aspired to become the Al Capone of a "syrup trust." Dolowich briefly cornered the market on the key ingredient that, combined with soda water and milk, produces the egg cream, the cheap, watery, poor New Yorker's substitute for an ice-cream soda.

Giles McDonogh's "Otto Horcher, Caterer to the Third Reich" is even more enjoyable, relating the saga of Hermann Göring's favorite restaurateur. Horcher owned Berlin's most popular game restaurant in the early 1900s and from that success built a culinary Axis of Evil under Hitler that included Maxim's in Paris and Zu den drei Husaren ("the Three Hussars") in Vienna, both still going strong today under new management.

No fool, Herr Horcher, once he realized that it was curtains for the Nazis, arranged to transport himself, his staff, and his equipment and furnishings from Berlin to Spain, where he continued to thrive for decades. The current Horcher restaurant in Madrid, operated by his son, still features on its menu Backhendl, Viennese-style fried chicken, one of Göring's favorites.

Mr. Bakshian worked as a White House aide to Richard Nixon, Gerald Ford and Ronald Reagan.

OPINION

Homegrown Jihad in India

By Sadanand Dhume

Barely 16 months after Pakistani terrorists killed 166 people and brought life to a standstill in Mumbai, India's commercial capital is again in the news for the wrong reasons. On Sunday police announced the arrest of two suspected Islamic militants accused of plotting to bomb a nuclear reactor, the country's leading petroleum company and a popular shopping

Rather than point a finger at Pakistan, India must deal with the wave of radicalism on its own shores.

mall. Predictably enough, the authorities stressed the alleged terrorists' links with Pakistan. They were apparently in touch with a handler in Karachi code-named "Uncle."

But by now Indians ought to be less alarmed by the established fact that their Western neighbor is a leading sponsor of terrorism, and more by the mounting evidence that there is no shortage of disaffected Indian Muslims willing to wage war against their own country. Abdul Lateef Rashid and Riyaz Ali, the men accused of the plot, are Mumbai natives. Their arrest follows last month's bombing of a bakery popular with students and foreigners in the Western city of Pune that killed 17 people. As in the aborted Mumbai plot, Indian officials suspect the involvement of Indian nationals in Pune acting in concert with the Pakistan-based Lashkar-e-Taiba.

For the longest time, India has both cherished and promoted the myth that its problem with radical Islam, the extreme interpretation of the faith that seeks to order the state and society by Shariah law, is entirely imported. It made front page news when, in 2005, then President George W. Bush famously introduced Prime Minister Manmohan Singh to Laura Bush by pointing out that not one of India's 150 million Muslims had joined al Qaeda. Indian columnists and op-ed writers took to parroting New York Times columnist Thomas Friedman's thesis—based more on hope than fact—that a robust democracy, a secular constitution, a largely tolerant population and a thriving economy would starve radicals of the oxygen of anger they need to survive.

Unfortunately, the truth is much less neatly packaged. While Pakistan, and to a lesser degree Bangladesh, do indeed provide succor and sanctuary to radical Muslims battling India, India itself has hardly been immune to the wave of radicalism that has swept through Muslim communities from Morocco to Mindanao over the past 35-odd years.

Take the Indian Mujahideen, a homegrown terrorist group that has claimed responsibility for bombings in five cities that have claimed about 150 lives since 2007. The group is an offshoot of the banned Students Islamic Movement of India, which espouses the worldview of the subcontinent's

Reuters

Abdul Lateef Rashid and Riyaz Ali as they left court Sunday.

most influential radical ideologue, Syed Abul Ala Maududi (1903-79), founder of the Jamaat-e-Islami. Mr. Maududi, like his contemporaries, the Muslim Brotherhood's Sayyid Qutb in Egypt and Iran's Ayatollah Khomeini, believed that it was the duty of Muslims to strive to impose God's law, Shariah, on Earth. He believed that Islam is an innately revolutionary ideology, and warfare in its cause an exalted form of piety. Not surprisingly, Mr. Maududi's ideological heirs in the Indian Mujahideen have vowed to spread their faith across India, wage jihad against "infidels," and replace democracy with "God's government."

Apart from giving space to radical Islam in its noisy polity—SIMI was banned as late as 2002, 25 years after its founding—India has also allowed a culture of grievance to take root among Muslims. Rather than celebrate the opportunities afforded by India's secular state, open society and vibrant economy, the majority of Indian Muslim leaders and a largely leftist intellectual class speak the language of victimhood and espouse quotas in government jobs and parliament. For its part, a violent and intolerant Hindu fringe—including those responsible for the Gujarat riots of 2002, in which Muslims suffered disproportionately—has given radicals a powerful recruitment tool.

Nonetheless, the core of the problem remains the ideological appeal of radical Islam. As in other parts of Asia and the Middle East, a distressingly large number of India's homegrown jihadists boast a solid education and career prospects that their less fortunate countrymen can only dream of. Riyaz Bhatkal, a co-founder of Indian Mujahideen, who allegedly fled India for Pakistan after the 2008 Mumbai attacks, trained as a civil engineer. Altaf Subhan Qureshi, the alleged mastermind of the 2008 bombings in Bangalore, Ahmedabad and Delhi is a software engineer. So is Mansoor Peerbhoy, a former Yahoo! employee who sent out emails in advance of blasts in Delhi, Jaipur and Ahmedabad. Even Messrs. Rashid and Ali, the men arrested over the weekend, are computer literate, though relatively poorly educated and employed in low-end jobs. This in a country where one in three adults can't read and write.

While pressuring Pakistan to give up its sponsorship of terrorism and getting India's law enforcement officials to bear down are necessary measures, the country must also search for a deeper cure. To begin with, Indians ought to look beyond the neighborhood to view radical Islam as a global phenomenon. The country also needs to foster a cohort of Muslim intellectuals who spend at least as much time examining problems within the community as they do hyperventilating about Hindu nationalists. Finally, when elected politicians pander to fundamentalist Muslim leaders—as is common in large parts of the country—the bureaucracy, the courts and the press must hold them accountable.

India's long war with radical Islam won't be won overnight, but it's about time the country at least starts viewing it clearly.

Mr. Dhume, the author of "My Friend the Fanatic" (Skyhorse Publishing, 2009), is a columnist for WSJ.com.

Burma's North Korea Gambit

By Kelley Currie

United States Assistant Secretary of State Kurt Campbell gave an understated assessment of the Obama administration's Burma policy last week, characterizing the lack of positive results from engagement with the junta as "not what we hoped for." His admission came as the junta denied his recent request to visit the country and announced deeply problematic new regulations for upcoming elections. "Smart power," it seems, has run headlong into the street-wise tactics of the hard men in Naypyidaw.

The question now is, what next? There are worrying signals that frustrated U.S. officials may start to focus more narrowly on an area where they feel they have a better chance of success: Burma's increasing coziness with Pyongyang. An anonymous senior State Department official was recently quoted in the Washington Post as saying, "Our most decisive interactions have been around North Korea. We've been very clear to Burma. We'll see over time if it's been heard."

Privately, administration officials have indicated that the junta's burgeoning relationship with Pyongyang was a driving force behind the shift toward engagement. Given the junta's clear rejection of Washington's overtures regarding domestic political processes, North Korea is quickly becoming the primary reason for continued direct contacts.

It would be a strategic error for the Obama administration to make North Korea the centerpiece of engagement with Burma. That's not to say that Naypyidaw's exchanges with Pyongyang aren't extremely worrying. The growing trade in conventional weapons—including reports of Burmese purchases of North Korean-made short-range ballistic missiles—and increasing evidence of nuclear cooperation is deeply troubling. These are clear violations of United Nations sanctions on North Korea, and the U.S. should be clear about the costs of continuing this cooperation with Pyongyang.

But the U.S. also runs the risk of playing to the generals' diplomatic strengths by focusing too narrowly on the Burma-North Korea relationship. The Burmese regime has a history of adeptly manipulating and methodically wearing down its interlocutors. The junta is expert at doing just enough to keep the pressure off, engaging in sporadic unproductive talks with officials from the U.S. and the U.N., well-timed manipulations of the confinement of Aung San Suu Kyi and other political detainees, and endless machinations around the promised 2010 elections. Such moves have tantalized the international community for decades, but all have ultimately proven fruitless, as they merely obscured the regime's determined efforts to institutionalize and legitimize military rule.

Engaging the regime on the basis of its relationship with North Korea would be no different. Burma's generals would use their contacts with Pyongyang as leverage to win U.S. compromises on issues that are arguably of greater importance to them: removal of sanctions, and lessened support for Burma's democracy movement.

Will the State Department get hoodwinked again by the generals?

Far from fearing U.S. opprobrium, junta leaders are thrilled to talk to the Americans about North Korea, because such a conversation by its nature excludes Ms. Suu Kyi. Prioritizing bilateral concerns about North Korea would also exacerbate the 10-member Association of Southeast Asian Nations' tendency toward inertia, undermining years of effort to push Burma's neighbors toward a more forward-leaning posture on political reform.

The U.S. should recognize the junta's nuclear gambit for what it is: a symptom of unaccountable and illegitimate rule. If Burma had an elected, accountable government concerned with providing for the basic needs of the Burmese citizenry, it is highly unlikely that nuclear cooperation with North Korea would be on its agenda. The best, most sustainable means of eliminating the threat posed by Burmese-North Korean cooperation is movement toward a more representative, responsible Burmese government, difficult though this may be.

As Mr. Campbell has said, the path to improved U.S.-Burma relations and improvement in the situation in Burma lies through "the immediate and unconditional release of Ms. Suu Kyi and all political prisoners, an end to conflicts with ethnic minorities and gross human-rights violations, and initiation of a credible internal political dialogue with the democratic opposition and ethnic minority leaders on elements of reconciliation and reform."

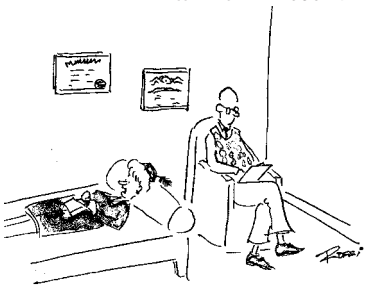
It's time for the Obama administration to follow up on those words. The White House needs to make clear that it is not interested in cutting a deal with the Burmese regime to end nuclear cooperation with Pyongyang in exchange for accepting the perversely labeled "roadmap to discipline-flourishing democracy." They can start by strongly endorsing U.N. Human Rights Rapporteur Tomas Ojea Quintana's proposal to convene a Commission of Inquiry to investigate war crimes and crimes against humanity in Burma, and by putting meaningful Security Council consideration of Burma back on the agenda.

The Obama administration must stay focused on working with other democracies, particularly Asean members, to establish benchmarks for the systemic, irreversible domestic political changes Burma needs. This must be backed up by sanctions that are broadly supported and narrowly targeted. As decades of "constructive engagement" have proven, abandoning principle and attempting to cut out the democracy movement to negotiate directly with the junta has never worked with Burma's generals. Instead, it just plays into their hands.

Ms. Currie is a senior fellow with the Project 2049 Institute, a Washington, DC-based think tank.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"I try not to let little things bother me, but sometimes they still do - like this fake leather couch."

IN DEPTH

Jenny Strasburg/The Wall Street Journal

Bob Mercer, left, and Peter Brown, right, recently became co-CEOs of Renaissance Technologies.

Pioneering hedge fund in U.S. attempts to stage a second act

Renaissance Technologies' founder is banking on longtime lieutenants to keep up stellar returns despite woes

By Scott Patterson and Jenny Strasburg
East Setauket, N.Y.

The founder of Renaissance Technologies LLC, one of the most successful hedge-fund companies ever, is trying to pull off a feat few other investment impresarios have managed: passing the torch.

James Simons, the secretive mathematician and Cold War code breaker who founded the firm in 1982, stepped down as chief executive in January. A pioneer in utilizing powerful computers to comb markets for trading opportunities, Mr. Simons has long received credit for the firm's hefty returns.

Now Peter Brown and Bob Mercer, two lieutenants of Mr. Simons all but unknown to the investing world, must steer the firm through challenging waters. The firm's main funds open to outside investors have posted mediocre results, and Messrs. Brown and Mercer, who are co-CEOs, say they are mulling whether to shut them down.

Mr. Simons made his reputation on his signature fund, called Medallion, which has posted average returns of about 45% a year, after fees, since its inception in 1988. Since 1995, it has had only one money-losing quarter, slipping 0.5% in the first quarter of 1999, according to documents reviewed by The Wall Street Journal. Medallion's returns have outpaced those of Warren Buffett, whose **Berkshire Hathaway** Inc. has gained roughly 20% a year since Mr. Buffett took over in 1965.

The $10 billion fund, however, is now closed to outside investors, leaving them with two newer funds if they want a piece of the action. Those two funds, Renaissance Institutional Equities Fund and Renaissance Institutional Futures Fund, claimed combined assets of about $30 billion in 2007, which made Renaissance one of the biggest hedge-fund operators in the world. But disappointing returns over the past few years have led to a wave of investor withdrawals, and combined assets have plunged to $6 billion.

In their first media interview, conducted at the firm's headquarters on Long Island's North Shore, the two new chief executives said they are examining whether to shutter the two funds. "If we assess that it's not something that's going to sell, then we'll decide it's not good to be in that business," Mr. Brown said. That would turn Renaissance into a hedge fund open almost exclusively to a small inner circle, most of them employees.

Some managers of large hedge funds have successfully groomed new leadership. George Soros, for example, years ago stepped back from managing day-to-day operations at Soros Fund Management LLC. But more often, when a founder whose personality dominates a firm steps aside, the firm closes or splinters. That was the case with firms founded by well-known investors Julian Robertson Jr. and Arthur Samberg.

Mr. Simons, 71 years old, has been planning the succession for years. Messrs. Brown and Mercer, experts in computers and voice-recognition technologies before joining Renaissance, have long been central to the firm's success. Mr. Simons will continue as chairman. He intends to devote more time to philanthropic work, including math education and fighting autism, and to spend time on his 67-meter yacht, Archimedes.

In the 1980s, Mr. Simons, who shuns the public eye, was among the first to develop a form of trading that used mathematical models and computers to predict markets. In the process, he blazed a trail followed by a slew of hedge funds that rely on quantitative strategies—so-called quants—such as D.E. Shaw Group, AQR Capital Management and Citadel Investment Group.

Nearly all of the Medallion fund's trading is automated, involving little to no human interference. Computers are programmed to buy and sell assets of all kinds, attempting to predict whether they will rise or fall based on historical patterns.

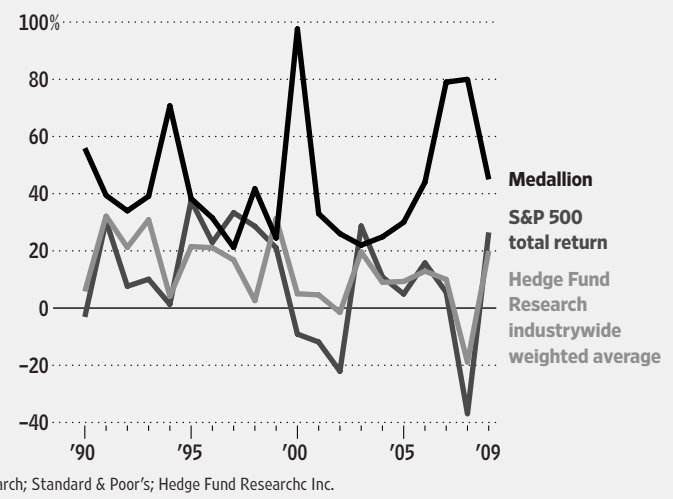
In the fund's early years, Mr. Simons focused chiefly on futures, contracts tied to the price of commodities, currencies and other assets. But under the guidance of Messrs. Brown and Mercer, Medallion's stock-trading operation has become its chief money maker, now accounting for more than three-fourths of its returns, says a person familiar with the matter.

The computer programs scrutinize the pricing of related securities. For example, shares of Exxon Mobil Corp. and Chevron Corp. historically tend to trade in similar directions, since their fates hinge on oil production and prices. If Exxon's stock starts to rise, but Chevron's doesn't, Medal-

Please turn to next page

Happy returns

Renaissance's flagship Medallion fund has consistently outperformed the industry. Returns after fees:



Sources: Medallion reports; WSJ research; Standard & Poor's; Hedge Fund Researchc Inc.

IN DEPTH

Continued from previous page

lion might purchase Chevron and sell Exxon short, hoping to benefit as the two stocks move back into alignment.

In reality, Medallion's strategies are far more complex, factoring in variables that affect stocks and other securities traded on electronic exchanges. "We try to find these very obscure patterns hidden in a lot of noise, and hopefully things are stationary enough for the next second or minute or year," says one Renaissance researcher.

The firm is known for fast trading, often holding stocks and futures contracts for only minutes, or even seconds. (Sometimes it holds positions for weeks or longer.) The horsepower for the vast trading operation is supplied by computer servers—the firm has given them names like Laddersnake, Howler3 and Neon—that stand in row after row of two-meter-tall metal cages, in three rooms the size of tennis courts.

Renaissance employs about 90 holders of Ph.D.s to man the operation, including experts in quantum physics and artificial intelligence. Because nearly all trading is automated, the office doesn't have much of a trading floor. Most employees work in their own offices, swapping ideas in a lecture hall or in the firm's library, which is adorned with a fireplace.

Mr. Brown, 55, and Mr. Mercer, 63, have been working together since the 1980s, when both developed voice-recognition technology for International Business Machines Corp. Mr. Brown, who has a Ph.D. in computer science from Carnegie Mellon University, is talkative, politically liberal, and competitive, given to challenging employees to feats of strength in the office gym.

Mr. Mercer, a political conservative and National Rifle Association member with a Ph.D. in computer science from the University of Illinois, is in many ways his opposite. He is known to whistle to himself during meetings, and rarely interacts with employees outside official meetings. He enjoys toying with a huge model train in his basement. "I'm happy going through my life without saying anything to anybody," he says.

For years, neither of them had much interest in investing. At IBM, their work focused on using computers to solve voice-recognition and language-translation problems, such as translating French into English.

In 1993, they were contacted by Nick Patterson, a Renaissance researcher they had met while doing code-breaking research for the Defense Department. "I realized that there are some deep technical links between the way speech recognition is done and some good ways of predicting the markets," Mr. Patterson says.

Mr. Brown threw away a letter from Mr. Patterson. Mr. Mercer, intrigued, paid Renaissance a visit. Afterwards, he persuaded his colleague they should make the move. After joining Renaissance, Mr. Mercer asked its chief scientist, Henry Laufer, whether the firm had a retirement plan. "The retirement plan is to get rich," Mr. Laufer responded.

Before they arrived in 1993, Renaissance bought a computerized-stock-trading firm founded by ex-Morgan Stanley mathematician Robert Frey. Renaissance called the new operation Nova. When Messrs. Brown and Mercer arrived, it was struggling.

The two newcomers threw themselves into the project. They shared a nearby apartment, but Mr. Brown frequently slept in his office. He rode a unicycle around the workplace to save time. (On weekends, he returned to New York City, where he lived with his wife, Margaret Hamburg, a physician who is now commissioner of the Food and Drug Administration.)

Messrs. Brown and Mercer improved Nova's trading models, cutting down on human trading decisions. After some initial bugs were worked out, the models succeeded. In 1997, Nova was folded into Medallion, helping to diversify returns. By 1999, stock profits roughly equaled profits from futures trading, according to fund documents.

Messrs. Brown and Mercer assumed more responsibilities at Renaissance, and were increasingly viewed by insiders as likely heirs apparent. Their ascent sparked some resentment from Medallion's futures-trading group, which once had dominated the firm, according to people familiar with the firm. Researchers in both groups attempted to create new computer models to dominate trading, these people say. But the models that Messrs. Brown and Mercer helped create proved the most successful over time.

In 2002, over a lunch of cheeseburgers at Billie's 1890 Saloon in Port Jefferson, Mr. Simons unveiled his plan to relinquish control of Renaissance. "You'll take over," he told Mr. Brown, explaining that Mr. Mercer would be co-CEO.

But new projects kept cropping up, delaying the succession. One initiative spearheaded by Mr. Simons marked a significant departure for Renaissance: a stock fund open to outside investors.

In 2005, he launched Renaissance Institutional Equities Fund, or RIEF, which employed a different investing model than Medallion. It would trade stocks of companies on U.S. exchanges only, over a longer time horizon, with the stated goal of beating the Standard & Poor's 500-stock index by a few percentage points over a three-year period. Mr. Simons boasted to investors it could handle $100 billion in assets profitably—something Medallion's models could not do.

Investors poured in. In late 2007, the firm opened Renaissance Institutional Futures Fund, or RIFF. It focused on futures contracts on bonds, currencies, commodities and other assets. Like RIEF, it held positions longer than Medallion.

Renaissance unleashed a mass marketing effort that used Wall Street brokers to bring in investors. Brokers frequently invoked Medallion's success in their marketing pitches. Renaissance noted Medallion's trading success in marketing materials.

In a letter he wrote introducing RIEF, Mr. Simons invited investors to take advantage of the Medallion trading models and research teams through the new fund, a message that overshadowed the strategy differences.

Early that August, the first signs of the credit crisis appeared. Big losses started to hit Renaissance and other quantitative hedge funds. Messrs. Brown, Mercer and Simons huddled in Mr. Brown's office with several other top advisers to try to contain the damage. They had to decide how much to cut back their investment positions, which were rapidly losing value. Mr. Simons recommended a moderate reduction of the firm's trading positions.

During its worst period that month, Medallion plunged about 20%, losing about $1 billion, and RIEF fell nearly 10%. But the market surged back, and Medallion and RIEF posted profits for the month.

Medallion gained 80% in 2008, a disastrous year for the stock market, thanks in part to its focus on taking advantage of short-term swings, both up and down, in all kinds of markets. But the newer funds, hampered by their longer-term focus, struggled. RIEF, the larger one, lost 16%. While that bested the broader market, some investors were upset that returns were so much worse than Medallion's. Last year, RIEF lost 6%, much worse than the 26% gain by the S&P 500.

Messrs. Brown and Mercer say they plan to change little about the firm. They acknowledge, however, that they might opt to shut down the two funds. They say RIEF has met its objective of beating the broader market over time, but concede that it hasn't lived up to expectations.

In discussions in late January with investors and with Mr. Simons, they said they were reviewing their options.

At Renaissance's headquarters, there is no evidence the firm plans to retrench. Heavy machines are preparing for the construction of new buildings to house more computer servers, offices, and possibly a squash court for employees.

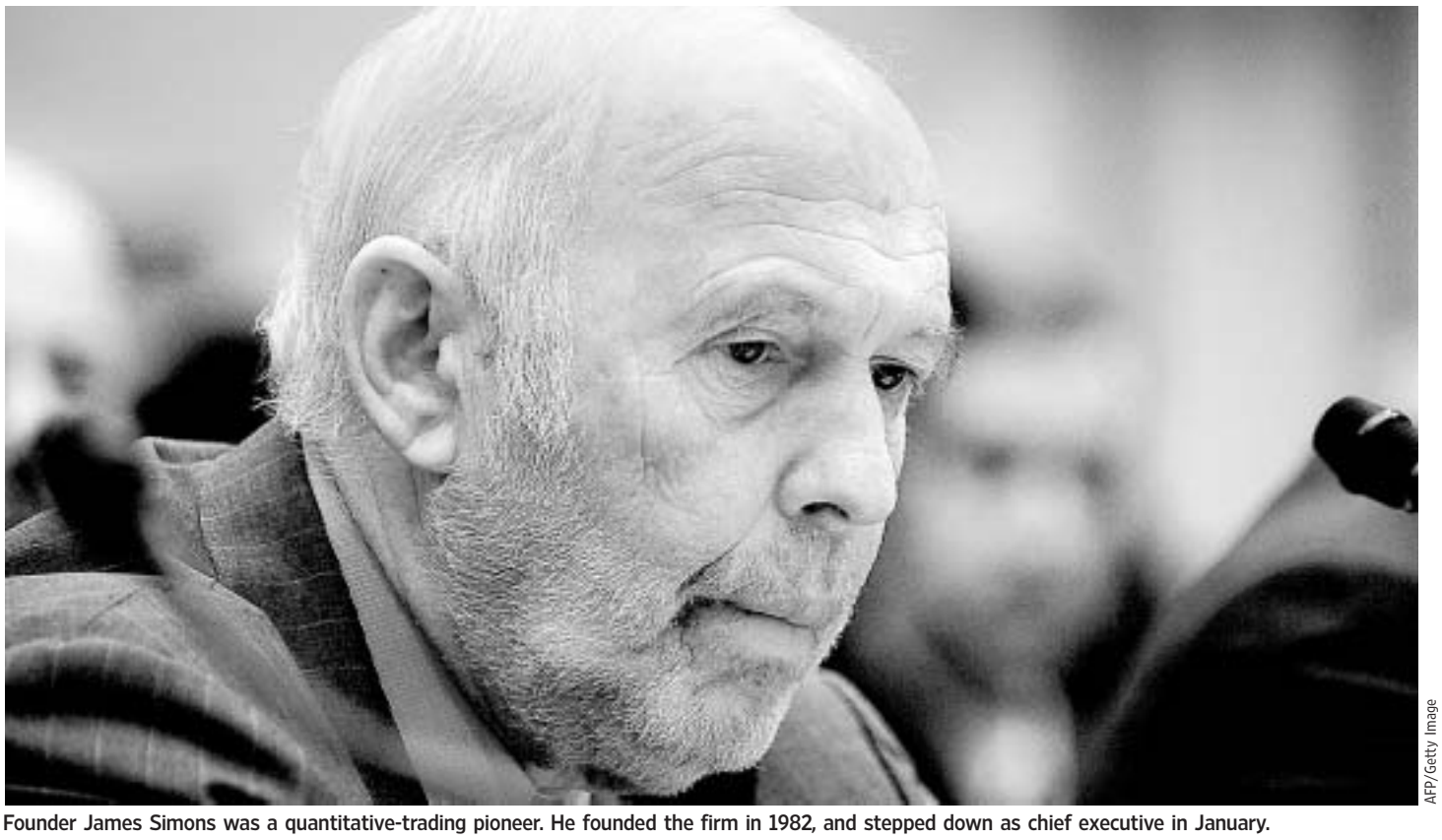
The two new leaders say they're well prepared, but concede that pressure will increase if the two funds continue to suffer.

"Other people's money is like a lever on your anxiety," says Mr. Brown.

WSJ.com

Online today: Take a look back at key documents charting the rise of Renaissance's funds at **WSJ.com/Finance.**

Mr. Simons made his reputation on his signature fund, called Medallion. The $10 billion fund, however, is now closed to outside investors, leaving them with two newer funds if they want a piece of the action. Those two funds claimed combined assets of about $30 billion in 2007, which made Renaissance one of the biggest hedge-fund operators in the world. But disappointing returns have led to investor withdrawals, and combined assets have plunged to $6 billion.



AFP/Getty Image

Founder James Simons was a quantitative-trading pioneer. He founded the firm in 1982, and stepped down as chief executive in January.

FROM PAGE ONE

Protesters try new tactics in Bangkok

Continued from first page

Thaksin supporters lined up among Bangkok's historic temples to have their blood drawn by nurses before a priest laid a curse on Thailand's ruling military and bureaucratic elites.

Thai Red Cross officials described the ceremony as a waste of blood that could be used to save lives. But many of the tens of thousands of protesters who have streamed into Bangkok the past few days said giving up some of their blood was the least they could do to bring back Mr. Thaksin, who was ousted in a military coup in 2006 and is still adored in Thailand's impoverished rural areas despite being convicted of corruption and labeled a fugitive.

"I'd sacrifice anything for this—not just my blood, but my life," said Thitima Thawong, a 57-year-old contract worker for Bangkok's city government.

Protest leaders said they gathered about 500 liters of blood in a potent gesture, especially for Thailand, where many animist and superstitious beliefs coincide with the Buddhism practiced by the bulk of the country's 65 million people. Luck Rakanithes, a prominent astrologer, says the protesters were setting up a symbolic spilling of blood to avoid violent confrontation.

"The blood has been offered in exchange for power," Mr. Luck says.

A royal Brahmin priest, Wan Thepmuni, speaking to local media, described the ceremony as "black magic" designed to fulfill the protesters' wishes and spread fear among their opponents.

European Pressphoto Agency

Supporters of former Thai Prime Minister Thaksin Shinawatra splash blood collected from thousands of protesters at the Government House in Bangkok.

The protesters have promised to stay in Bangkok until Mr. Abhisit steps down, and said they intend to move into other parts of the city on Wednesday. Although many analysts believe it is unlikely the protests will last beyond this week, the tone of the demonstration has grown increasingly surreal, raising fears it could turn violent. Thai markets were up 2.3% Monday, indicating investors aren't yet concerned, but that could change if events drag on.

Many in Bangkok worry the huge influx of Thaksin backers from the north and northeast of the country this week—police estimated as many as 150,000 have turned out for the protests—might resort to more-desperate acts. Red-shirt activists say they will start to use their "biological weapons," or feces, if riot police try to break up the protests.

"It's the only thing we have to repel them with if they choose to attack," says Narong Na Phattalung, a red-shirt protester from the northern city of Chiang Mai.

Nattawut Saikeua, a key strategist behind the red-shirt movement, says the threat to bombard police with bags of excrement is a significant deterrent. "It seems to be working so far," he says.

Around the periphery of the protest, small numbers of people can be seen piling up what appears to be the foul ammunition. On Monday, one speaker at the multiday rally yelled into the crowd to ask if they had their materiel ready. The answer: a resounding "Yes!"

Thailand's city dwellers understandably are on edge. Bangkok is a city of sparkling shopping malls and gleaming office buildings, a regional hub for many multinational companies. The thousands of protesters coming into the city from the poorer countryside for this week's protests has been played up in the local media as a reprise of Mao Zedong's "long march" in China in the mid-1930s, as well as payback for the military coup that toppled Mr. Thaksin in 2006 for his allegedly demagogic, rabble-rousing ways.

The protesters also are angry over the way they say the military and bureaucracy conspired to pull down a pro-Thaksin government in 2008 and secure enough parliamentary defections for the legislature to elect Mr. Abhisit.

Some businesses are packing up to keep out of the firing line. "We're leaving and won't be coming back until later," Puchong Dangprasert said Friday. He runs a public-relations agency sharing a building with a government-linked magazine. "We could be a target," he said.

Thanet Aphornsuvan, dean of the Faculty of Arts at Bangkok's Thammasat University and head of its Southeast Asia Studies program, said the practice reflects the growing anger of rural voters who feel disenfranchised by the 2006 coup. "Human waste is purely the common people's weapon, the enemy of the weak," Mr. Thanet says. "You don't have to hire anybody or spend any money. It's very convenient—you're effectively carrying it with you all the time—and if you throw it about you can attract a lot of publicity."

These kind of dirty protests sometimes happen in other countries—albeit rarely. U.S. police accused protesters of hurling urine and feces during the Republican National Convention in St. Paul, Minn., in 2008. Further back, Scythian archers began dipping their arrows in excrement around 400 BC to help cause infections. Using blood also is unusual, although protesters in South Korea sometimes cut off their fingertips to paint bloody slogans.

In Thailand, the practice of lobbing such bombs is gaining pace. In the past month, two men were detained for throwing feces at Mr. Abhisit's house, and another was caught throwing excrement at the headquarters of the prime minister's political party.

Government leaders have urged protesters not throw excrement, warning it could breed infections and trigger epidemics such as cholera. Sanitation workers in biohazard dress were quick to clean up the blood poured on the ground.

Google partners in China send plea to company

Continued from first page

ations with Chinese authorities over the extent to which it can continue operating, though it originally said the discussions would take place over a "few weeks."

The saga is being closely watched by Google users in China, which has the most Internet users of any nation and would be dominated almost entirely by easily controlled Chinese companies if Google exits the market. Analysts estimate the company has tens of millions of users here.

Convinced the company would take action on Monday, hundreds of Google users stayed awake the entire night to monitor search results on the Web site for any indication that filters had been lifted.

Users swapped analyses of results for keyword queries like "1989 student protest," a reference to the Tiananmen Square crackdown, because such content is considered politically sensitive in China and is often filtered.

Some users published screenshots of Google results that seemed to be uncensored, but it wasn't possible to determine what the causes of those inconsistencies were. As of Tuesday, Google's results were still censored in China.

"Many users are wondering why Google is so indecisive and some of them have lost their patience," said Issac Mao, an independent Chinese-Internet researcher and blogger.

Google's standoff with the Chinese government has highlighted the sometimes perilous regulatory web that entangles foreign companies in the country.

China operates a licensing system, policed by regulators, that requires all foreign investors to seek approval to conduct business activities within a defined scope. Companies that breach the terms of their license risk being closed down, which is the position in which Google now finds itself having declared it is no longer prepared to censor its search results.

No area of business in China is more politically sensitive than the Internet, or more heavily regulated. China bars foreign companies from owning an "Internet content provider" license to provide services in the country. For that, Google needed to partner with a Chinese company, which holds the ICP license from the Ministry of Industry and Information Technology.

A Google spokeswoman declined to comment on the status of Google's ICP license, but said licenses are "generally" due to be renewed this month. Still, it is unclear to what extent the license renewal is influencing Google's decision making, if at all, according to a person familiar with Google's China plans.

Google's commercial operations also have to be registered with the Ministry of Commerce. On Tuesday, Ministry of Commerce spokesman Yao Jian said Google has two companies registered, but so far the ministry hasn't received any reports regarding an exit of either company.

"If the two companies want to exit from China they will have to go through a procedure including reporting to the commerce ministry," Mr. Yao said, citing China's foreign investment law. He didn't elaborate.

Google grapples with a slew of agencies that have a say over the Internet. These include the Ministry of Public Security, which deals with criminal activities on the Web, including political dissent; the State Administration of Radio, Film and Television, responsible for broadcasting; and the Publicity Department of the Chinese Communist Party, which ensures that the media adheres to political orthodoxy.

For "anything that has to do with the Internet, you could be facing as many as a half dozen ministries," said David Wolf, chief executive of Wolf Group Asia, a Beijing-based marketing strategy firm.

—Kersten Zhang, Sue Feng and Victoria Ruan contributed to this article.

As of 12 p.m. ET **Euro** 1.3759 ▲ 0.79% **Yen/US$** ¥90.45 ▲ 0.01% **Yen/A$** ¥82.73 ▲ 0.36% **Oil** 81.85 ▲ 2.57% **Gold** 1122.40 ▲ 1.57% **10-year Treasury** ▲ 7/32 yield 3.678% **3-month Libor** 0.26088

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Sony, Jackson heirs craft a songs record

Music company will pay estate up to $250 million for 10 albums

By Ethan Smith

Months after his death, Michael Jackson set a music-industry record, thanks to a deal between his estate and **Sony** Corp. valued at as much as $250 million, according to people familiar with the terms.

The deal—touted by both Sony and Mr. Jackson's estate as the most lucrative recording contract to date—guarantees the estate at least $200 million. With 10 albums over seven years, the deal will involve a mix of previously unreleased songs and new packages of familiar ones.

The dollar amount is especially striking against the backdrop of the music industry as a whole, in which U.S. album sales have plunged 52% in a decade. Superstar deals valued at tens of millions of dollars per album were rare even at the peak of the CD-sales boom during the late 1990s. Yet it also underscores that the biggest acts are becoming even more essential to record labels, as individual fans purchase fewer albums each year.

Since Mr. Jackson's death on June 25, Sony has sold an estimated 31 million of his albums globally. By the first anniversary of his death, his estate expects to have earned $250 million from sales of music, merchandise and tickets to the posthumous concert film "This Is It."

The advances being paid by Sony are to be offset by sales of albums as well as revenue generated by licensing Mr. Jackson's music for uses such as videogames, movies and theatrical performances. But unlike the megadeals struck in recent years by concert promoter Live Nation Entertainment Inc. with pop stars Jay-Z and Madonna, the Jackson deal doesn't give Sony income from other parts of the late singer's business, such as merchandise sales or fees for licensing his name.

In an interview, Rob Stringer, chairman of Sony Music Entertainment's Columbia/Epic Label Group, said that his company was confident it would more than recoup its hefty investment, which he characterized as more than just a record deal.

"We see it as a partnership," Mr. Stringer said.

The deal should give Mr. Jackson's heirs plenty of breathing room with respect to the crushing debt load he had built up in his final years. With his album sales dwindling and concert touring ground to a halt, Mr. Jackson borrowed heavily to finance his lavish lifestyle

The estate is likely to pay off about $125 million in debt by the end of this year, including $35 million owed to **AEG Live**, the promoter that was to stage a series of concerts by Mr. Jackson in London. The estate is likely to refinance another $325 million backed by Mr. Jackson's two biggest assets: Sony/ATV Music Publishing, his venture with Sony that owns copyrights to 251 Beatles songs; and his 2,600-acre Neverland Valley Ranch outside Santa Barbara, Calif.

A $300 million loan backed by Sony/ATV and held by Barclays PLC matures at the end of the year, and before Mr. Jackson's death it loomed as a major financial challenge.

In striking the deal, Sony is betting that the appetite for Mr. Jackson's music will prove more than just a spike generated by his unexpected death and the ensuing round-the-clock coverage. A record contract struck during the early 1980s gave Mr. Jackson ownership of his recordings. Sony had the right to distribute those recordings through 2015. The new deal extends that right until at least 2017, and adds the rights to material recorded

Please turn to page 23

European Pressphoto Agency

Sony has sold about 31 million Jackson albums since his death last June.

'Transformation officer' keeps Sony's eye on prize

Sony

Sony's George Bailey says money saved on operations can be used for R&D.

By Daisuke Wakabayashi

A onetime doomsayer of the Japanese electronics industry is now a driving force for change within Japanese electronics giant **Sony** Corp., pushing the company to address deep-rooted cost and efficiency problems.

As an executive at **International Business Machines** Corp., George Bailey authored a 2007 report predicting that Japanese electronics would soon be overtaken by global competitors from China to the U.S. He joined Sony two years later with a mandate to instill some "Big Blue" style fiscal discipline.

Sony is still far from regaining its once-lofty status. But Mr. Bailey's appointment last June to the newly created position of "chief transformation officer" — a role he describes as the "turbo charger" to the company's restructuring efforts—is starting to pay off.

Tokyo-based Sony is on track to meet its goal of lowering overhead costs by $3.7 billion in the fiscal year ending March 31. Inventory levels for the company are near historic lows and it surpassed analysts' expectations with a sevenfold increase in profit to 79 billion yen, or about $880 million, in the quarter ended Dec. 31, 2009.

Even before Mr. Bailey's arrival, Sony's new management team pledged to close about a fifth of its factories world-wide, cut 20,000 jobs and streamline a supply chain laced with inventory. But it is at Mr. Bailey's monthly meeting with Chief Executive Howard Stringer and top-level executives where he says he tries to keep Sony focused on streamlining.

"There is nowhere to hide," Mr. Bailey, who ran IBM's semiconductor business prior to joining Sony, said during an interview last week, "When we are behind, we talk about it and fix it."

Mr. Bailey was aware of Sony's problems before he came on board. As the head of IBM's consulting service for electronics companies, he had a grim outlook for the industry in Japan. In the 2007 report, titled "Winning the global challenge: The Japanese electronics' companies' race to innovate," Mr. Bailey said Japanese firms were being beaten by global competitors in terms of productivity, financial performance and brand value.

"Over the past few years, global competitors have learned from watching the strengths— and weaknesses—of their Japanese rivals. It is time for Japanese electronics companies to also learn from the strengths and weaknesses of their global competitors," the 20-page report concluded.

While Sony wasn't directly identified in the report, the criticism applied to Mr. Bailey's future employer. But when Sony announced the largest restructuring program in the company's history and put in place a quartet of young executives to lead the turnaround, Mr. Bailey became a believer and asked Mr. Stringer for a job.

A slender and soft-spoken 53-year-old, Mr. Bailey said he was worried employees would see him as Mr. Stringer's "spy" or that he would be given an office, a secretary and then "no one would ever speak to me again."

He admits he has encountered some resistance, but says it hasn't been a problem. He is effusive in his praise of Sony's management team's openness to new ideas. He signs off his emails with the Japanese phrase "nasebanaru," or "if you believe it, you can do it."

From his days at IBM, Mr. Bailey knew Sony's well-deserved reputation for being "too nice" to suppliers. So he wasn't surprised to find

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Astellas to press on with its offer for OSI

U.S. drug maker again spurns the unsolicited bid as too low, saying that it is talking to other potential suitors

By Kazuhiro Shimamura

TOKYO—Japan's **Astellas Pharma** Inc. insisted that it will press ahead with its $3.5 billion bid to buy **OSI Pharmaceuticals** Inc., even as the U.S. drug company again spurned the unsolicited offer as too low and said it is talking to other potential suitors.

Observers said Astellas has little option but to consider raising its offer—at the potential risk of being dragged into a bidding war—if it is serious about joining the raft of Japanese companies pouncing on assets in major overseas markets.

In a statement issued after OSI's board rejected a $52 per share offer, Japan's second-biggest drug maker by sales said it was sticking to its bid, which expires March 31.

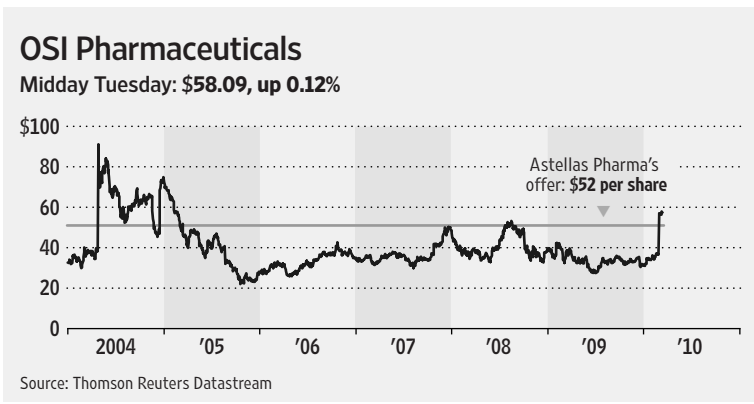
Astellas said its proposal, priced at a 40% premium to OSI's closing share price the day before the bid was announced, represents full and fair value. A spokesman for Astellas declined to comment on the possibility of raising the $52 offer.

But Astellas welcomed moves by the directors of Melville, N.Y.-based OSI, the maker of the cancer drug Tarceva, to "finally instruct its management to explore [the possibility of] a transaction for the company."

OSI didn't disclose who it is talking to about a deal, but said it is in early talks with "a number of other parties, including major pharmaceutical companies."

OSI's sole marketed product is Tarceva, which it sells with Swiss drug giant **Roche Holding** AG. The pill, used to treat advanced forms of lung and pancreatic cancer, had world-wide sales of $1.2 billion in 2009.

Astellas is seeking to join a group of Japan's biggest drug makers sealing multibillion dollar acquisitions in the U.S., essentially buying growth in the world's biggest drug market while waiting for their own new products to emerge from research and development.



In May 2008, **Takeda Pharmaceutical** Co. bought Millennium Pharmaceuticals Inc., for $8.9 billion. In January 2008, **Eisai** Co. acquired MGI Pharma Inc. for $3.9 billion.

Outside the U.S., **Daiichi Sankyo** Co. completed its acquisition of a 64% stake in **Ranbaxy Laboratories** Ltd. of India in November 2008 for 488 billion yen ($5.39 billion).

The OSI board decision Monday to reject Astellas' $52 a share offer for all OSI shares comes came as little surprise to company watchers after 13 months of terse exchanges between the two companies without any hint of an accord. But observers said OSI's confirmation of contacts with other parties means the Japanese company now faces the threat of a higher offer from a new bidder.

If Astellas were to raise the offer to $57 a share, the cost of acquiring all OSI shares will increase by about $290 million to around $3.8 billion.

Such a rise in the offer price would be within the means of the Tokyo-based pharmaceutical maker, which sits on cash and cash equivalents exceeding $4 billion.

Astellas' own market capitalization is about 1.6 trillion yen, or $17.68 billion.

OSI has disputed Astellas' assessment of the value of its products and drug pipeline, and Astellas has yet to conduct due diligence.

Toyoda apologizes on his blog

By Yoshio Takahashi

TOKYO—The president of **Toyota Motor** Corp. apologized on his blog for problems related to the company's global recall of 8.5 million vehicles, and said he has decided not to participate in a 24-hour endurance race in Germany.

Writing under the handle "Morizo" and updating the blog for the first time since the quality issues occurred, Akio Toyoda said late Monday that the Japanese auto maker will "take seriously, accept humbly, and respond sincerely to" criticism that it had neglected efforts to listen to customers.

Toyota is striving to regain trust amid the recalls to fix sudden-acceleration problems and other issues. It has come under congressional scrutiny in the U.S., and Toyota sales fell in that country in recent months as some consumers shy away from its vehicles.

Mr. Toyoda, a grandson of Toyota's founder, also wrote on the blog that there is no change in the company's belief that it is important to share with customers the enjoyment that automobiles can offer through motor sports.

Associated Press

Toyota President Akio Toyoda at the Nürburgring race in Germany last year.

He made the comment after the company on Monday outlined its motor-sports activities for the remainder of this year.

The president said that on Sunday he test-drove the Lexus LFA car that will run in the Nürburgring 24-hour endurance race in Germany in May.

However, Mr. Toyoda added, "unfortunately, Morizo won't participate in this year's race."

The decision is a reversal from previous comments made by Mr. Toyoda. Last June, during his first news conference as president and at the company's shareholders' meeting, Mr. Toyoda said he would continue to take part in races after becoming the company's top executive.

Mr. Toyoda has taken the wheel in the 24-hour endurance race several times, according to a Toyota spokesman.

Reliance and Atlas near deal on U.S. gas venture

By Jeffrey McCracken And Ben Casselman

Indian conglomerate **Reliance Industries** Ltd. is in late-stage talks to buy a big stake in a U.S. natural-gas field, according to several people familiar with the matter.

Reliance is nearing a deal to team with **Atlas Energy** Inc., which controls about 234,000 hectares in the expansive Marcellus Shale, a huge gas-bearing formation that stretches from West Virginia to New York. The deal would likely make Reliance the first Indian company to buy into the Marcellus, which has drawn big investments from other foreign firms.

Under the deal as considered, Reliance would pay between $1 billion and $1.5 billion to take a joint-venture stake with Atlas, which has been seeking a partner for several months. It wasn't clear the size of Reliance's stake in the deal, but Atlas is said to be seeking a 50-50 partner, these people said.

While Reliance is currently the prime participant in discussions, other parties, such as **Sempra Energy**, are negotiating to be part of the deal, the people added.

Jefferies Group Inc. and J.P. Morgan Chase & Co. are running the sales process for Atlas.

U.S. gas fields have attracted a series of big investments from foreign companies in recent months. Earlier this month, British giant **BP** PLC bought a roughly $200 million stake in a south Texas gas field.

In January, French oil company **Total** SA paid $2.25 billion for a 25% stake in another Texas gas field. Companies from Japan, Italy and Norway have also bought into U.S. gas assets.

The deals are a chance for companies to learn how to extract gas from shale formations, which until recently were considered too dense to produce commercial quantities of gas. The companies hope to take the techniques to other shale fields overseas.

Reliance's interest was reported earlier by Reuters.

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Reuters

Microsoft CEO Steve Ballmer shook hands with Haoda Guo, deputy governor of Agricultural Bank of China, during a November signing ceremony.

A Google China exit could aid Microsoft

By Geoffrey A. Fowler And Loretta Chao

Microsoft Corp.'s Bing search engine could benefit if **Google** Inc. goes ahead with its threat to close its Google.cn site amid a dispute with the Chinese government over censorship.

Microsoft's leaders, including Chief Executive Steve Ballmer and Chairman Bill Gates, have said they intend to remain in China and will continue to comply with local regulations, which means filtering out certain political content and other sensitive material.

While Bing has struggled to gain traction in China, Microsoft has already hired at least three people from Google's China business, according to a person familiar with the matter.

A Microsoft spokesman said the company will compete in whatever markets it is in, including China. "If we do a great job with the product, then we will hopefully attract more share," he said.

Microsoft needs Beijing's cooperation on combating rampant software piracy in China, which has hobbled sales there of the company's two big profit machines: Windows and Office. But Microsoft could face political heat in the U.S. for appearing too eager to fill Google's void, groups that focus on human rights say.

The fate of the Google.cn site has been clouded since January. Google, citing Beijing's tightening limits on expression and a series of cyber attacks on it and other foreign companies, said it would no longer filter search results on the site. That move set off private negotiations with Chinese officials, which the company said are continuing.

A Google spokesman said Monday the company was "in active discussions with the Chinese."

Google.cn still appeared to be accessible on Monday, and search-engine results continued to be filtered. A person familiar with Google's plans said the company hasn't yet changed its approach to filtering.

The Chinese license for Google.cn is due to expire on March 31, according to official records. It is held by Beijing Guxiang Information Technology Co., one of Google's partners in China. Foreign Internet companies aren't allowed to own their own licenses in the country.

The looming renewal deadline has caused speculation that Google will exit the country by March 31. But knowledgeable sources say the deadline isn't playing a role in Google's approach to its talks with the Chinese or having an influence on its decision-making.

Google.cn's closure wouldn't necessarily spell the end of the company's business in China. On Monday, the company's chief financial officer, Patrick Pichette, said Google's Android mobile operating system "should flourish" in China. He noted that Android is open-source software available to a variety of partners.

If Google.cn closes, some of its existing traffic could shift to Google.com servers run outside of China, assuming the government doesn't block access. Currently, Chinese users can access Google.com, but searches for certain sensitive terms return error messages.

Google accounts for about 36% of search revenue in China, with **Baidu** Inc. holding 58%, according to Analysys International. Monday, Baidu shares gained 4.8% in trading on the Nasdaq Stock Market, closing at $576.84. Google shares slipped 2.8%, closing at $563.18.

Microsoft, meanwhile, has gained a bit of ground on Google in the search market outside China. Since the company unveiled Bing in May, its share of searches conducted in the U.S. has risen from 8% to 11.5% in February, according to research company comScore Inc. Google's share went from 65% to 65.5% over that period.

In China, however, Microsoft has made little headway. Microsoft launched cn.Bing.com in June, but it doesn't show up on the Analysys ranking of search-engine revenue in China for the fourth quarter—meaning it has less than 1% of the market, according to the researcher.

Among the hurdles that Microsoft has faced as it tries to build up its search business in China is the Bing name itself. The word "bing" means sick, cold or pancake in Chinese, depending on the tone with which the word is pronounced. Microsoft has changed the name to "bi ying," which means must respond.

Chinese authorities on Friday told local news Web sites that Google's Chinese site is likely to close and that, if it does, the news sites will be required to use only official accounts of the situation, rather than publish stories from anywhere else, according to a person familiar with the order.

—Ben Worthen and Scott Morrison contributed to this article.

Shell anticipates growth

Company expects to bring in more cash as oil and gas output rise

By Lananh Nguyen And Alex MacDonald

LONDON—**Royal Dutch Shell** PLC on Tuesday said it was entering a growth period that would bolster cash flows because of increased oil and gas output, and the Anglo-Dutch oil major also signaled that it expects oil prices to remain high.

Shell is assessing more than 35 new projects from some eight billion barrels of oil-equivalent resources. As new projects come on-stream, the company expects cash flow from operations to increase by about 50% from 2009 to 2012 if oil prices are $60 a barrel and by more than 80% with $80-a-barrel oil prices.

Oil and gas production is expected to reach 3.5 million barrels of oil equivalent a day in 2012, compared with 3.15 million barrels of oil equivalent a day in 2009, the company said.

"We are moving into a delivery window across the next five years, and beyond that, we have a tremendous opportunity set for the 2015-2020 time frame," Shell Chief Executive Peter Voser said in a statement. Mr. Voser also said crude oil should trade in a range of $50 to $90 a barrel for the next several years and "trend to the upside," although global refining may be in oversupply for some time.

As a result, the company plans to reduce its refining capacity by 15% and its retail markets by 35%. Shell is planning net capital investment of $25 billion to $27 billion annually in 2011-2014, with as much as $3 billion of asset sales annually over those years.

Shell also said it will cut 2,000 jobs before 2011, 1,000 more than previously announced. The additional job cuts will take place primarily in the company's corporate and downstream, or refining, segments.

Mr. Voser's compensation rose 22% in 2009 to $4.4 million, according to the Shell's annual report. Mr. Voser, who became CEO in July 2009, earned $3.6 million in 2008 while serving as the company's chief financial officer. The earnings include Mr. Voser's salary and performance bonus.

Shell in February proposed changes to how it pays its executive directors in an attempt to assuage concerns that led shareholders to reject its remuneration package last year.

Shell also said it made a $7.6 million severance payment to the former head of its gas and power division last year, making her the highest-earning executive at the company in 2009. Linda Cook resigned as an executive director of the company on June 1, soon after Shell appointed Mr. Voser as chief executive.

Ms. Cook, one of the most senior women in the global oil industry, was a top contender for the post and had worked for Shell for 29 years. In addition to the severance payment, Ms. Cook also earned a base salary of $1.4 million and a performance bonus of $1.54 million, according to the company's annual report Tuesday.

Shell said it would bring its dividend policy in line with its peers by proposing a scrip dividend option, or dividend paid in shares rather than cash, at its annual general meeting later this year.

The company is planning to pay 42 cents a share in the first quarter of 2010.

Oil analyst Jason Kenney of ING Group said the company's share price may rise because of the medium-term growth outlook.

"On a medium term basis, the headlines look positive. 2010 is still a year of transition...[but] 2011 and 2012 is where the pickup happens," Mr. Kenney said. "The key positive today is highlighting the leverage to the upside on the oil price," he added.

—James Herron and Jeffrey Sparshott contributed to this article.

Bloomberg News

Shell CEO Peter Voser speaking at a conference in California this month.

Sony, Jackson estate craft deal

Continued from page 21

since then.

The new deal, like the one from the 1980s, was negotiated by John Branca, Mr. Jackson's long-time lawyer and now an administrator of the estate.

The deal retroactively covers the soundtrack album to "This Is It," plus a range of other releases, some of which have been mapped out, with others to be determined later. An album of previously unreleased songs is likely to hit stores before the end of this year, and another collection is due out later.

The deal is also likely to cover expanded reissues of Mr. Jackson's albums "Off the Wall" and "Bad," as well as collections of remixes. A DVD of all of Mr. Jackson's music videos is likely to be created at some point.

Speculation has circulated that Cirque du Soleil would create a Las Vegas show based on Mr. Jackson's music, as it already has done with Beatles' music. If it does, a soundtrack album of some kind would likely be part of the deal.

The estate could probably wipe out the debts entirely by selling its half of Sony/ATV, although such a drastic step is viewed as unlikely now that Mr. Jackson's posthumous business is generating so much cash.

Mr. Jackson acquired ATV for $47.5 million in 1985. Sony in 1995 paid $150 million to become a 50% partner in the venture. Mr. Jackson's half is now valued at at least $1 billion.

Head-spinning recording deals

■ **1996: R.E.M.** signs $80 million, five-album deal with Warner Music.

■ **2001: Mariah Carey** inks $100 million, five-album deal with EMI. In 2002 EMI paid her $28 million to get out of the contract, after just one album.

■ **2002: Robbie Williams** enters deal with EMI—said to be valued at as much as $100 million—to get a cut of touring, publishing and merchandising revenue.

■ **2005: Bruce Springsteen** signs deal with Sony Music worth at least $100 million. The costly move contributes to the ouster of then-CEO Andrew Lack.

■ **2007: Madonna** strikes 10-year, $120 million deal letting Live Nation represent her in nearly every aspect of her professional life, including sale of recorded music and licensing of her image.

■ **2008: Jay-Z**, in a move similar to the contract with Madonna, signs $150 million, 10-year deal giving Live Nation a percentage of future revenue from across his business.

■ **2010: Michael Jackson's** estate and Sony agree to a $250 million deal for 10 albums over seven years.

CORPORATE NEWS

Winds of change blow for Boeing, Airbus

By Peter Sanders And Daniel Michaels

When it shops for a new fleet of single-aisle airliners later this year, **UAL** Corp.'s United Airlines won't just be choosing between **Boeing** Co. and Airbus. It will also look at planes from Canada's **Bombardier** Inc. and Brazil's Embraer.

For years, Airbus and Boeing have split the market for big passenger jets. But a series of shifts in the sector could start to erode that dominance, leading to big changes in the commercial aircraft industry.

"I've got to think the duopoly we've enjoyed for the past 20 or 30 years is not going to last forever," Jim Albaugh, chief executive of Boeing's commercial airplane unit, said in an interview this month.

The prospect of increased competition is already forcing the two giants to consider making costly changes to their most popular models. At an industry conference in Orlando Monday, Airbus Chief Operating Officer John Leahy said senior Airbus executives have been discussing upgrade options for the top-selling A320 family, though he said a decision wasn't expected to be made right away.

Boeing will decide in the next few months whether to embark on a revamp of its 737 single-aisle jetliner line.

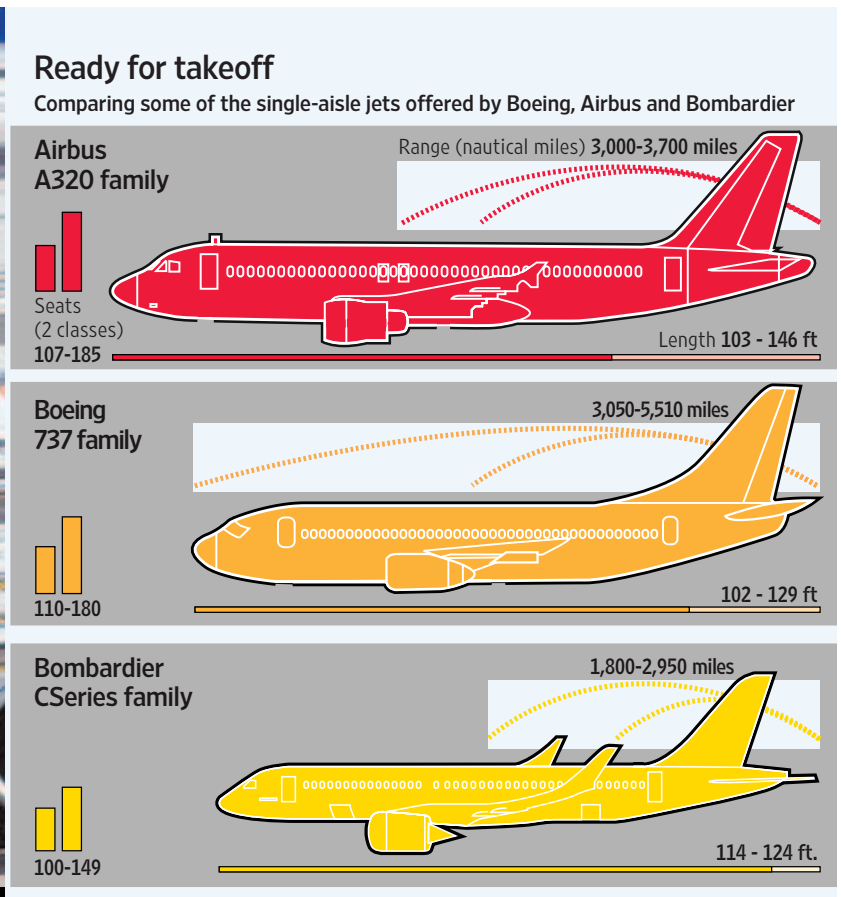
Neither company had wanted to launch such an expensive undertaking for years. But their customers have started clamoring for more fuel-efficient planes just as upstart manufacturers have begun producing rival jets.

Bombardier has historically built smaller planes and so was never in the crosshairs of Boeing or Airbus. But the Montreal-based company now pledges that the new 150-seat jetliner it is developing, the CSeries, will deliver a 15% improvement in fuel consumption over current 737s or A320s.

"We have an advantage with our all-new technology," said Gary Scott, president of Bombardier's commercial aircraft unit.

The 150-seat CSeries can't compete with all 737 or A320 models, which can carry up to 200 passengers and fly further. But the Bombardier plane could eat into the lower-end of their market.

A JetBlue Airbus A320 at John F. Kennedy International Airport



Source: the companies Photo: Associated Press

Last month, Indianapolis-based **Republic Airways Holdings** Inc., which operates Frontier and Midwest Airlines, said it was buying 40 CSeries planes, making it Bombardier's first U.S. customer for the model. Germany's giant **Deutsche Lufthansa** AG last year ordered 30 CSeries planes for its Swiss International subsidiary. Both orders were replacements for regional jets, and the airlines' decision to forego smaller 737s or A320s in favor of the CSeries boosted the Bombardier plane's credibility.

Embraer, the marketing name of Brazil's **Empresa Brasileira de Aeronautica** SA, is considering launching a bigger version of its biggest regional jet, which would rival the CSeries.

"The main reason Boeing and Airbus are considering" revamping is because of the CSeries and the new engines it will use, said Henri Courpron, President of the aerospace division at aviation investment bank and consultantcy Seabury Group.

For Boeing and Airbus, which is a unit of **European Aeronautic Defence & Space** Co., the prospect of making changes to the workhorses of their product lines comes at a difficult time.

Boeing has spent billions of dollars developing its new long-range 787 Dreamliner. But the project is three years late and far over budget. It's also behind on its revamped 747 widebody jet, long its most iconic product.

Airbus is in a similar predicament: Its A380 superjumbo and A400M military airlifter are in the red and behind schedule.

Both had hoped to hold off at least a decade before replacing their single-aisle models with entirely new planes. Drafting new blueprints would yield planes that gulp less fuel and fly longer between expensive maintenance overhauls. But it would take several years and cost billions of dollars more.

Neither company can afford that now—and the breakthroughs necessary for dramatic fuel savings aren't ready.

"Game-changing technology comes out in the middle of the next decade," said Mr. Leahy in an interview earlier this month. "If we were to bring out a new aircraft this decade, it would basically look a lot like what we have now."

In addition, Airbus and Boeing have recently begun to churn out their small jetliners faster than ever, boosting profitability at a crucial moment.

Instead of redesigning the planes entirely, Airbus and Boeing are likely to put new, more fuel-efficient engines on their existing planes, an option known as re-engining.

Mr. Leahy said Monday that if Airbus decides to add a new engine to the A320, it will require minimal changes to the current design and only two hours of self-instruction by pilots to gain proficiency on the "new" jet.

Earlier this month, Boeing officials told analysts that it would be able to install new engines on its 737 model but they would likely be bigger and heavier than the current version. That would require updating a number of key structural components on the planes, as well as adding new instrumentation to the cockpit.

What the two plane makers decide will affect upcoming competitions to sell new planes to customers.

United Airlines, for example, wants to replace older A320-family planes. It is looking at Bombardier's CSeries and a possible Embraer entrant, but also believes putting new engines on current Airbus and Boeing models could give an "attractive fuel-consumption improvement," Chairman and Chief Executive Glenn Tilton said last month.

Sony 'turbo charger' pushes for change

Continued from page 21

that the company awarded technology services contracts without asking for rival bids. Just by starting to do so, Mr. Bailey said the company knocked as much as 40% off of service agreement costs.

Sony is also cutting its number of suppliers in half to 2,500 companies, sending a signal that the company, according to Mr. Bailey, is going to be "a bit more hard-nosed" to make sure deals are competitive.

Mr. Bailey is finding that Sony is rich with inefficiencies. For example, Sony is consolidating 60 U.S. and European data centers into one facility. In most cases, Sony owned the building and computer equipment inside the facilities, but now it plans to outsource management of its single data center to a third party.

Atul Goyal, an analyst at brokerage CLSA, issued a May report titled "George, bail'em out." In the report, issued before Mr. Bailey's start at Sony, Mr. Goyal writes: "He may not be a rainmaker on day one, but as Sony's chief transformation officer, he is more likely than not to ask the questions that the market has been asking for years."

Mr. Goyal, a vocal critic of Sony's management in the past, said last week: "He at least understands the issues. He'll make commonsensical moves and that's what Sony needs."

Investors are optimistic about Sony even though it is expected to lose money for a second straight year in the fiscal year ending March. In the last 12 months, Sony's stock price has doubled compared to a 40% rise in the Nikkei 225.

Barclays Capital consumer electronics analyst Yuji Fujimori sees some parallels between Sony's restructuring steps and measures that **Apple** Inc. took in the late 1990s.

At the time, Apple Chief Operating Officer Tim Cook, also a former IBM employee, closed factories and turned to contract manufacturers. In December, Sony sold its LCD television plant in Mexico to Taiwan's **Hon Hai Precision Industry** Co., while planning to double the number of TVs it plans to outsource in the next fiscal year.

Once a company is operating efficiently, it can be bold in product development because, according to Mr. Fujimori, a product failure isn't crippling. He says it's no coincidence that the iPod emerged after Apple had taken action to overhaul its operations.

Mr. Bailey knows Sony is focused on delivering growth in 2010 and says there are a few "surprise" products coming this year without elaborating. He says the money Sony is saving from operations can be put toward research and development and working on new products.

"There is no doubt about it. We need to do a better job generating growth and profit," said Mr. Bailey. "We still have a lot to do, but we're gaining momentum."

Dell sues Asian firms, alleging overcharging

A Wall Street Journal Roundup

TOKYO—U.S. computer maker **Dell** Inc. has filed a lawsuit against five Japanese and Taiwan technology companies, alleging that they plotted to set prices and overcharged for the products they make.

Dell filed the suit against Japan's **Sharp** Corp., **Hitachi** Ltd., **Toshiba** Corp., **Seiko Epson** Corp. and Taiwan's **HannStar Display** Corp. in a federal court in San Francisco on Friday.

In a 61-page complaint, Dell said it was taking the action "on behalf of itself and its affiliates to recover for antitrust and other harms arising from billions of dollars of purchases at artificially inflated prices, over several years, of thin film transistor-liquid crystal display panels, or products containing TFT-LCD panels."

Dell said it believed it had been overcharged since January 1996.

Hitachi said it had received notification of the suit, but had no further comments. The other companies were also immediately unavailable for comment.

Several of the companies named in the lawsuit have previously agreed to plead guilty and pay fines for conspiring to fix prices after a U.S. Department of Justice investigation. Sharp agreed to pay a $120 million fine for participating in a price-fixing scheme between April 2001 and December 2006, according to the lawsuit. The Justice Department also reached an agreement with a Hitachi unit that pleaded guilty and agreed to pay a $31 million fine.

Dell shares were up 1 cent in midmorning trading Tuesday on the Nasdaq Stock Market.

CORPORATE NEWS

China slams foreign luxury goods' quality

Zhejiang province seizes some imported designer fashions in latest trade wrinkle for foreign companies

By Sky Canaves

BEIJING—An attack by Chinese provincial officials on foreign luxury brands, including **Hermès**, **Hugo Boss** and **Tommy Hilfiger** underscored the vulnerability of the luxury brands in one of their most important markets.

Authorities in wealthy Zhejiang province, near Shanghai, marked consumer's day on Monday by taking aim at the quality of imported designer fashions.

In a statement posted on its Web site, the Zhejiang Administration of Industry and Commerce said that "International designer clothes, blindly worshipped by Chinese consumers and enjoying 'super national treatment' in the country, have once again proven unsuitable for China."

The targeting of foreign designer brands for defective products is the latest wrinkle for foreign businesses in China. It comes as **Google** Inc. is preparing to shutter its Chinese language search business and as **Hewlett-Packard** Co. came under scrutiny from Beijing for problems in some of its laptops sold in China.

According to the Zhejiang notice, 48 out of 85 samples of imported clothing from 30 international brands failed to meet Chinese product quality standards. The brands also included **Versace**, **Dolce & Gabbana** and **Zara**.

The authorities say that they have impounded all of the clothes with the same model numbers as the samples that failed to meet the standards, but the rest of the companies' products aren't affected. It was unclear if any fines would be levied.

The harsh tone of the attack appeared to be out of proportion to the infractions: half of the complaints were over usage labels, including laundry instructions that failed to meet Chinese requirements. Nevertheless, the statement was carried widely by China's official media.

Associated Press

A Versace boutique at the Hubin International Boutique Compound in Hangzhou city, in China's Zhejiang province.

While the immediate financial impact of the sanctions against the luxury brands is likely to be limited, the negative publicity could be damaging. Foreign brands sell at a huge premium to local brands, justified in part by the perception of quality.

The China market has taken on greater importance to the makers of luxury goods in recent years as sales in other major markets have declined. In an October forecast, consulting firm **Bain** & Co. said it expected luxury-goods sales in mainland China to increase by 12% last year, to €6.6 billion, or $9.02 billion, compared with declines of 16% in the U.S., 10% in Japan and 8% in Europe.

Central authorities didn't respond to requests for comment on the Zhejiang campaign; provincial authorities have wide latitude to set commercial policy. However, it is consistent with a harder line in general against foreign businesses in China as the country promotes its own brands and companies. Indeed, Zheng Yumin, head of the Zhejiang administration, was cited in the notice as saying that "consumer rights are an important part of the national competition strategy."

One of the weakest aspects of China's economic development has been its failure to build its own brands. With a few exceptions, such as Tsingtao beer and Haier white goods, Chinese brands are virtually unknown in Western markets. The fact that foreign brands dominate the China market rankles with central government economic planners, and could embolden local officials to take action, analysts say.

Several of the brands affected by the action didn't immediately respond to requests for comment, but Hugo Boss spokeswoman said, "Our products are subject to the highest quality standards and therefore regularly examined by independent testing institutes," adding she had no knowledge of any safety-related problems in China.

An employee in the Hermès public relations department in Shanghai, who declined to be named because he isn't authorized to speak on the record, said the company had learned that there was a problem with its labels in January, and corrected it last month.

The most serious charges were leveled against Italian menswear label **Verri**. The Zhejiang authorities said a pair of the brand's jeans were improperly labeled and contained excessive levels of formaldehyde in the fabric, which can irritate skin or cause respiratory problems.

Marco Brugognone, Verri's chief executive and product manager, said he was "very surprised" to hear of the Zhejiang findings when contacted by The Wall Street Journal Tuesday, and he suggested that the pair of jeans in question might have been fake. Fake foreign brands are ubiquitous in Chinese markets, adding to the difficulties of luxury goods companies.

In a separate case, H-P apologized to Chinese consumers on Tuesday for faulty laptops and offered extended warranties and compensation for those affected.

"For any inconvenience due to product or service problems, Hewlett-Packard earnestly apologizes to customers," the company said on its Chinese Web site Monday.

In the statement, H-P offered to provide free repairs for all affected models and to extend the warranty on any affected computers for an additional two years from when they are brought in for repair. H-P said it is also considering providing compensation to customers who have already paid for the shipping and repair of affected computers.

—Gao Sen and Aaron Back contributed to this article.

AstraZeneca guards margins

By Jeanne Whalen

AstraZeneca PLC plans a bigger push in emerging markets to take advantage of their strong sales growth, but said it won't sell the lowest-margin drugs that could hurt its profitability.

The company's plan underscores the difficulty of navigating markets such as Brazil, Russia, India and China, where low-cost generic drugs are driving much of the double-digit sales growth.

Big drug makers are accustomed to selling high-margin, patented products in Western markets. But sales in those markets are slowing, leaving companies looking toward developing countries for growth.

AstraZeneca said Tuesday that it aims to boost its emerging markets business to 25% of total sales by 2014 from about 13% last year, when total sales were $32.8 billion.

To do that, it will have to sell some low-cost medicines. Last week, AstraZeneca signed a deal with Indian generic-drug maker **Torrent Pharmaceuticals** Ltd. that will allow it to stamp the AstraZeneca brand on Torrent's generic drugs and sell them in emerging markets. Companies call such drugs "branded generics," and can usually price them higher than an unbranded generic because consumers in emerging markets will sometimes pay more for a multinational brand.

Reuters

An AstraZeneca facility in the U.K.

But such drugs will make up only 10% to 15% of AstraZeneca's sales in emerging markets by 2014, Tony Zook, head of global commercial operations, said Tuesday. The company aims to earn the rest of its sales from its own products, such as the patent-protected cholesterol drug Crestor, which costs roughly $140 a month in the U.S., according to drugstore.com.

Pricing for Crestor and other AstraZeneca products is lower in emerging markets, Mr. Zook said, though he declined to give figures. The company said it would mostly target consumers in and above the growing middle class, defining middle class as having an annual household income above $5,000.

AstraZeneca said its operating margins in emerging markets are roughly 72% of those it earns in established Western markets, and it wants to protect them by steering clear of the lowest-margin generics. "We want to develop this business but we are very cautious because we want to do it in a profitable way," Bruno Angelici, head of international sales and marketing, told analysts during a presentation.

Other companies, such as **GlaxoSmithKline** PLC, have taken a broader approach to emerging markets, saying that branded generics will represent a large percentage of their sales.

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDITION
COMMERCIAL COURT
2005: No. 288

IN THE MATTER OF THE COMPANIES ACT 1981 SECTION 67
AND IN THE MATTER OF BALI ENERGY LIMITED
BETWEEN

PT TENAGA BUMI BALI
Applicant
-and-
BALI ENERGY LIMITED
First Respondent
-and-
KOJI MATSUMOTO
Second Respondent

REQUEST FOR TENDER PROPOSALS TO PURCHASE 360,000 SHARES IN BALI ENERGY LIMITED(the "Company"")

By an order dated 25 February 2010 the Supreme Court of Bermuda has ordered the Sale of a block of **360,000 shares** in **BALI ENERGY LIMITED**, a company incorporated in Bermuda whose registered office is Clarendon House, 2 Church Street, Hamilton Bermuda, which presently stands in the name of **PT TENAGA BUMI BALI**. The block of 360,000 shares represents 0.0069% of the issued share capital of the company.

Information on the shares and BALI ENERGY Limited can be obtained by contacting Bali Energy Limited at:

JI Raya Denpasar – Singaraja
Dsn. Bukicatu, Kec. Baturiti. Kab.
Tabanan, Bali 82191 Indonesia
Attn. Ira Hata, CEO
Telephone +62-361-744-3986
Or email to: ihata@gol.com

Tender proposals are to be submitted to BALI ENERGY LIMITED **no later than 5.00 p.m. Atlantic Daylight Time on 31 March 2010.**

The Company is not obliged to accept the highest or any tender.

EU fails to agree on hedge fund rules

Big differences: too strict, not firm enough

By Adam Cohen

BRUSSELS—European Union finance ministers failed to reach an agreement Tuesday on new rules for hedge funds and private-equity firms, EU officials said.

The bloc has been debating legislation for these so-called alternative-investment funds since last spring, but there are deep divisions between some states.

The U.K., home to the bloc's largest financial center in London, opposes strict regulations it fears would push investors to other jurisdictions. France and Germany, by contrast, favor firmer rules for these funds, which they say are risky and cause financial-market volatility.

The Spanish government, which currently holds the EU's rotating presidency, plans to continue negotiations with other EU governments in the coming weeks, according to an EU official. Spain aims to reach an agreement before its presidency ends at the end of June.

"We have a need to do yet more work on this over the next few weeks," Spanish Finance Minister Elena Salgado said at a news conference after the ministers' regular monthly meeting.

One of the main sticking points is how EU legislation would treat investment funds based in countries outside the bloc. The U.K. wants to ensure that these funds would have access to investors throughout the EU, while France is pushing for limits on where these foreign funds can raise money.

"There was never going to be agreement today and I think several more weeks of discussions are going to be necessary," U.K. Chancellor of the Exchequer Alistair Darling told reporters after the meeting. "I'm very clear that the hedge fund industry does need to be effectively supervised...but equally I fear that there was never going to be a deal at any price. It's important that Europe gets this right." Mr. Darling said the U.K. wasn't the only country that had reservations.

A weighted majority of EU countries, known as a qualified majority in Brussels parlance, is needed to push through the new legislation. EU diplomats say there is enough support among the 27 member countries to pass the regulations as currently drafted, despite the U.K.'s objections. The Spanish government, however, insists it wants "consensus" before moving ahead. The rules also need approval from the European Parliament, which is discussing amendments to the proposed legislation.

A U.K. Treasury official described the delay in the talks as a "good outcome for the U.K."

"We had to hang tough. Others were keen to try and cast us as anti-reform. That's plain wrong. What we're about is getting a deal that makes the system stronger without sacrificing competitiveness," the official said.

One compromise proposal under discussion is a "passport" system that would allow foreign funds to cooperate with a regulator in one EU state, allowing them to attract investment throughout the bloc. France opposes this idea strongly, according to an EU diplomat.

Reform should start at Fed

[The Game]

By Dennis K. Berman

PHILADELPHIA—He has a Ph.D. and a beard. It is hard not to think of Ben Bernanke as the embodiment of the Federal Reserve, wisely and nobly protecting the nation's financial security.

Then there are the people who really do the work: An anonymous corps of bank examiners who hump across the country like traveling salesmen, inspecting bank records in conference rooms.

Some of these examiners are among the people who would get new power under the plan proposed by Sen. Christopher Dodd as he embarks on a great reshuffling of U.S. financial regulation. The bill the Democratic senator from Connecticut introduced Monday would give the Fed supervision over the country's largest financial institutions, while cutting its oversight of smaller banks.

With 198 bank failures since 2007, some in Congress are still skeptical about whether the Fed is up to the task. Why didn't the Fed's regional examiners, who were literally working inside the nation's rotting banking system, sound a stronger warning about bad real-estate lending? **Citigroup**, **National City**, **Wachovia** and dozens of smaller banks all got into serious trouble on the Fed's watch.

Last Friday, I visited bank examiners at the Federal Reserve Bank of Philadelphia, hoping to better understand the people securing the front lines of our broken financial system. These examiners are responsible for overseeing 130 banks in asset size from $50 million to $150 billion. Their salaries range from about $40,000 to $140,000.

They were people like 43-year-old James Corkery, who has served as an examiner for 20 years off and on, plying the Philly Fed's territory from Delaware to central Pennsylvania.

The day-to-day of bank examinations—poring over bank loan portfolios, assembling spreadsheets of bank asset quality—seemed to be in Mr. Corkery's blood. He said he spent 60 nights on the road last year, conducting on-site visits at community banks. "It's my nature to take apart things," he said from a conference room amid a warren of putty-colored metal walls and cubicles.

There was H. Robert Tillman, whose thick, gray hair suggests Bernanke-ian wisdom. Mr. Tillman spent 14 years as an in-house attorney at New Jersey banks and said he loved his work, especially investigating money laundering. It has "an impact on the economy and the strength of society," he said.

And yet for all their dedication, the examiners appeared to be working with a very narrow mandate.

As Mr. Corkery pointed out, examiners are "not auditors." Instead they serve more as government-paid consultants, helping banks identify portfolio risks and correct them. Even after the greatest banking crisis in generations, Mr. Corkery said he is "not sure there have been any radical changes" in how he does his job.

Michael E. Collins, the Philadelphia Fed official in charge of supervision, acknowledged that the Fed system has to change, taking into account the health of the broader banking system, rather than a bank-by-bank analysis. "The supervision of tomorrow has to be vastly different than the supervision of today," he said.

But how will the Fed change? Only two of the 12 regional Fed presidents have direct experience as a field examiner: New York's William Dudley and Kansas City's Thomas Hoenig.

Examiners long had been viewed as second-class citizens to the Brahmins shaping monetary policy at the Fed, said Mark Williams a former Fed examiner from 1991 and 1993 and now a professor at Boston University.

"At the end of day, examiners are taking cues from the people above them," said Kevin Fitzsimmons, who worked as an examiner in the mid-1990s and is now a banking analyst at Sandler O'Neill & Partners.

Nor are they given the technological tools to keep pace with the banks they are regulating, Mr. Williams said. "They're not proactive. The Fed has a peashooter to the AK-47s of Wall Street."

With all the Fed's brainpower and reputation, it is easy to see why Sen. Dodd views the central bank as the best place for improving safety of our banks.

But from a brief visit inside, it is clear that reform must begin at the Fed itself.

Dennis.Berman@wsj.com

Deutsche Bank chief was paid $13 million last year

By William Launder

FRANKFURT—**Deutsche Bank** AG said it paid its management-board members nearly nine times as much in 2009 as during the depths of the financial crisis a year earlier.

Total pay, including salaries and bonuses for the eight board members in 2009 reached €38.98 million ($53.3 million), compared with €4.48 million in 2008.

The increased pay for the management board reflects Deutsche Bank's return to profitability as well as its decision last year to double the size of its management board to eight members. German's largest listed bank earned €5 billion in net profit for 2009, compared with a loss of €3.9 billion in 2008.

The board's top earner was Chief Executive Josef Ackermann, who made €9.55 million, or more than $13 million, for the year, much of it in performance-related pay. He didn't receive a bonus in 2008, when he earned €1.4 million.

Anshu Jain, head of global markets, earned €7.79 million for 2009, while Michael Cohrs, head of global banking, was paid €3.22 million.

Chief Financial Officer Stefan Krause earned just more than €4 million for the year. Two other board members also earned more than €4 million. The bulk of all executive rewards was allotted as deferred compensation to be paid out over several years, the bank said.

Bloomberg

Deutsche Bank CEO Josef Ackermann, shown last month in Frankfurt, believes high pay to be a key to attracting talent.

Mr. Ackermann, who frequently attracts public criticism as the head of the high-profile bank, has defended high compensation as an important means of attracting and retaining talent in the bank industry.

Mr. Ackermann's paycheck mirrors that of some other top global bank executives as well as corporate heads in Germany. Goldman Sachs Group CEO Lloyd Blankfein earned $9.6 million for 2009, which is still less than some other U.S. bank heads earned for the period. Jürgen Grossmann, head of German energy company RWE AG, earned around €9.2 million for the year.

UBS AG on Monday announced that it paid more than 100 million Swiss francs, or more than $94 million, in salaries and bonuses to its top executives last year, about 10 times more than for 2008, when the bank received billions of francs in government aid. Its highest-paid earner for 2009 was Carsten Kengeter, co-CEO of its investment bank and a member of the executive board since April 2009. He received about 13.1 million francs, or about $12.3 million, in cash and stock.

But CEOs at some banks, such as Barclays PLC and Société Générale, have said they are waiving their bonus payments for 2009.

Deutsche Bank also said it would boost management board members' fixed pay in the future to account for adjustments in the way it pays bonuses following the global financial crisis. The bank has revised the way it compensates employees following new regulatory guidelines on banker pay and widespread concern that the financial crisis was worsened by bankers taking excessive risks to boost personal gains. Deutsche Bank didn't receive any government aid during the crisis.

The lender published the executive remuneration in its annual report. The bank also reiterated that it expects to earn a pretax profit of €10 billion by 2011.

For 2010, the bank sees "robust" trading volumes, although margins are seen falling from their 2009 highs. Growth in lending businesses looks limited industrywide, the bank said. Potential regulation that would curb banks' proprietary trading activities isn't likely to impact the bank in 2010, Deutsche Bank said.

Deutsche Bank said its stake in **Deutsche Postbank** AG, in which it has an option to acquire the majority, reached just under 30% at the end of 2009.

MARKETS

Greece ducks S&P rating cut for now

Deficit-reduction plans are seen as enough to maintain triple-B-plus credit grade, but budget woes remain focus

Greece avoided a downgrade to its credit rating by Standard & Poor's Ratings Services, which warned last month that it was considering such a move, but the ratings firm put on a negative outlook.

*By **John Kell**, **Jethrow Mullen** and **Emese Bartha***

S&P credit analyst Marko Mrsnik said the Greek government's plans to reduce its deficit was supportive of the nation's current triple-B-plus long-term credit rating, which is three notches into investment-grade territory. S&P said the government's reduction measures were "appropriate to achieve its 2010 fiscal target."

However, the negative outlook, which means future downgrades are possible, reflected concern about Greece's ability to sustain the reform momentum.

"It indicates further downgrade potential if the government fails to address negative deviations from its budgetary consolidation path or implement the currently planned structural reforms," Mr. Mrsnik said.

Earlier this month, the Greek Parliament approved a third set of deficit-reduction measures to reinforce its budgetary consolidation strategy and meet its deficit target of 8.7% of gross domestic product in 2010. But despite the new measures, S&P said it will be difficult for Greece to comply fully with its consolidation path in 2011 and 2012.

Greece is struggling with a deficit that was expected to reach 12.7% of GDP last year, more than four times the ceiling set by European Union budget rules. Credit-rating firms have been pessimistic about Greece, which has a poor track record of debt management.

European Commissioner for Economic and Monetary Affairs Olli Rehn said Greece doesn't need financial help at the moment and that the European Commission thinks Greece is on track to make budget cuts worth 4% of GDP this year.

Still, Greek government officials expressed frustration with borrowing costs that remain stubbornly high despite budget reforms and promises of aid from other countries in the 16-nation euro bloc.

Greece would find it hard to cope with borrowing costs if they stayed at current levels, Finance Minister George Papaconstantinou said Tuesday, adding that he expects his country's borrowing costs to decrease as its plan to tackle budget problems gains credibility.

"It's clear that we are not happy to be paying the kind of mark-ups and spreads that we're paying at the moment," he said. "But as we have stated all along it's a question of rebuilding credibility and it's very clear now that this credibility is being rebuilt."

Tuesday afternoon in Europe, Greece's benchmark 10-year bond yielded 6.25%, nearly double that of Germany, the euro-zone benchmark, which stood at 3.15%.

The finance minister's comments dashed expectations that Greece would launch another major bond issue as early as this week to help cover funding gaps over the next two months. "I don't think Greece will come out with a bond this week; perhaps next week," said Jens Peter Sorensen, chief analyst at Danske Markets in Copenhagen.

A Greek government official has said Greece needs the yield premium over Germany to shrink to around two percentage points before Greece must redeem some €22 billion ($30.08 billion) of bonds in April and May.

Buyers sought for three banks in Puerto Rico

By Matthias Rieker

NEW YORK—The Federal Deposit Insurance Corp. is seeking buyers for three banks in Puerto Rico, a small island with big banking problems.

According to two people familiar with the matter, the agency has hired an investment bank to try to find capital or outright purchasers for **W Holding Co.** Inc., **R&G Financial** Corp. and **Eurobancshares** Inc., which have almost $21 billion in combined assets.

The three banks hold almost 30% of Puerto Rico's $62 billion of deposits, and their bank subsidiaries are operating under enhanced FDIC scrutiny.

The three banks didn't respond to requests for comment. A spokesman for the FDIC declined to comment.

The FDIC's search for buyers comes after five years of crisis in Puerto Rico's banking industry, a small and fiercely competitive market for 11 banks. "We've been talking about consolidation here for years, and finally it seems that it's going to happen in the next few months," one banker said.

The FDIC slapped W Holding, R&G and Eurobancshares with sharp enforcement actions last year, disclosing a laundry list of deficiencies, including "insufficient" or "unsatisfactory" earnings, "inadequate" management, too little capital and "excessive" levels of troubled loans.

According to Federal Reserve data, W Holding, the island's third-largest bank by deposits, posted a loss of $14 million last year, R&G $62.8 million and Eurobancshares $72 million.

Puerto Rico's economy grows more slowly than that of the mainland U.S. in the best of times; now its unemployment rate is around 15% and household income is below the level of Mississippi, which has the lowest household income among U.S. states. Puerto Rico is a self-governing territory of the U.S.

Possible bidders for the troubled banks include **Doral Financial** Corp.; **Popular** Inc., the island's largest bank by assets and deposits; **Oriental Financial Group** Inc., one of the island's smallest banks; and **Bank of Nova Scotia**.

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Long-term Treasurys gain ahead of Fed news

By Min Zeng

NEW YORK—Prices of long-dated Treasurys rose Tuesday while shorter-dated maturities were little changed as the bond market set up for the latest rate-policy announcement from the Federal Reserve.

In noon trading, the price of the two-year note was flat at 99 28/32, yielding 0.9397%. The 10-year note was up 7/32 at 99 18/32 to yield 3.6778%, and the 30-year bond was up 16/32 at 100 10/32 to yield 4.6054%. Bond yields move inversely to prices.

U.S. CREDIT MARKETS

The Federal Open Market Committee was widely expected to keep the federal-funds target rate, the main policy rate, at its record low near zero, but many market participants made bets on a shift in language for the economic outlook that could pave the way to a tightening of monetary policy in the months to come.

A rise in the main policy rate tends to hurt short-dated Treasurys whose yields are sensitive to changes in the official rate outlook.

For many investors, buying long-dated Treasurys and selling shorter-dated maturities, basically to bet on a narrowing spread in yields for the two sectors, has been a popular hedge against such a risk, traders said. Such a move is known as a flattening yield-curve trade.

The yield spread between the two-year and 10-year notes narrowed to 2.74 percentage points by late morning Tuesday from 2.76 percentage points Monday.

In February, the gap between the two-year and 10-year notes had widened to a record of more than 2.90 percentage points.

"It seems like a pretty low volume trade with some buying in the long end of the market in front of the FOMC," said Brian Edmonds, head of interest rates at Cantor Fitzgerald LP in New York.

Mr. Edmonds said he doesn't expect the Fed to change the "extended period" language used by the central bank to describe for how long it will keep rates low, but he acknowledged that, if the Fed did, it would cause a big move.

"The curve would flatten and the two-year note's yield would head towards 1.20%," he said.

The FOMC was scheduled to conclude its monetary-policy meeting Tuesday afternoon with the release of a statement on the outlook for the economy and inflation.

One of the key signals for a shift in monetary stance will be when the Fed modifies or removes the phrase "for an extended period" from its statement on how long rates will remain low. The federal-funds target rate has been held between zero and 0.25% for more than a year.

Investors will also watch for any dissent against keeping that phrase. In the previous FOMC meeting, Thomas Hoenig, president of the Federal Reserve Bank of Kansas City, cast a dissenting vote.

Japan's yields steady after 20-year sale

By Andrew Monahan

TOKYO—An auction of 20-year Japanese government bonds went smoothly, but investors were generally focused on central-bank meetings in the U.S. and Japan.

The benchmark 10-year yield held steady at 1.34%. The five-year yield fell 0.015 percentage point to 0.495%, but the 20-year yield, despite the smooth auction, edged up 0.005 percentage point to 2.145%.

BOND MARKETS

Analysts said investors were awaiting the outcome of the Federal Reserve meeting, well after Asian markets closed Tuesday, and whether the Bank of Japan will announce additional easing measures after its meeting ends Wednesday.

"We believe investors want to wait out the U.S. market's reaction to the [Federal Open Market Committee] decision," said Makoto Yamashita, chief Japan interest-rate strategist at Deutsche Securities. "We expect the FOMC to retain in its policy statement the phrase 'for an extended period' regarding ultra-low interest rates, but we believe it may slightly alter its assessment of the economy."

Japan sold 1.007 trillion yen ($11.13 billion) of the 20-year debt at a lowest price of 100.50, yielding 2.164%. The new bonds carry a coupon of 2.2%, the same as February's issue.

The yield was sufficiently high to attract buying interest from Japanese life-insurance companies, core buyers in the long and superlong end of the curve, analysts said.

"It was a relatively good auction, with decent demand for the bond, mainly because of the yield level, which is nearly at the upper bound of the range for the fiscal year ending at the end of March," said Kenro Kawano, strategist at Credit Suisse.

But the auction results weren't as strong as they might have been. Analysts said investors don't believe demand for bonds will rise even if the Bank of Japan decides to expand its liquidity operations at its meeting. That is because players have already priced such moves into bonds due to local media reports in recent weeks concerning the likelihood of such steps.

FUND SCORECARD

Latin America Equity

Funds that invest mainly in Latin American companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 16, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
3	**Findlay Park Latin American USD**	Findlay Park Investment Management Ltd	USD	Ireland	**2.69**	158.98	8.21	NS
2	**HSBC GIF Latin American Equity M1**	HSBC Investment Funds (Luxembourg) S.A.	USD	Luxembrg	**1.80**	146.66	-1.89	NS
3	**BankInvest Latinamerika Aktier**	BankInvest	DKK	Denmark	**1.38**	130.59	0.57	23.98
4	**CAAM Funds Latin America Equities C**	Crédit Agricole-LCL	USD	Luxembrg	**-0.15**	125.03	1.41	26.67
NS	**BlackRock Latin American Invest Trust**	BlackRock Investment Managers	GBP	United Kingdom	**-1.13**	124.95	-1.70	40.51
4	**Danske Inv Latinamerika**	Danske Invest	DKK	Denmark	**1.16**	120.71	4.12	24.68
3	**JPM Latin America Eq A Inc**	JF Asset Management Limited (HK)	USD	Luxembrg	**-0.14**	120.03	-3.10	23.30
2	**Magna Latin American A**	Charlemagne Capital Ltd (Cayman Island)	EUR	Ireland	**0.45**	118.97	-1.95	22.01
3	**IP Latin American Inc**	INVESCO Fund Managers Limited	GBP	United Kingdom	**2.03**	118.75	-1.33	22.95
3	**BGF Latin American Q2**	Blackrock (Luxembourg) S.A.	USD	Luxembrg	**-1.50**	117.48	-1.20	23.80

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	03/15	EUR	51.97	-4.9	46.6	-20.0

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Am Eq Blend A	OT	OT	LUX	03/15	USD	10.70	3.2	52.2	-6.6
Am Eq Blend B	US	EQ	LUX	03/15	USD	10.04	3.0	50.8	-7.5
Am Growth A	US	EQ	LUX	03/15	USD	31.54	1.0	50.0	2.7
Am Growth AX	US	EQ	LUX	03/15	USD	34.08	1.1	50.9	3.3
Am Growth B	US	EQ	LUX	03/15	USD	26.46	0.8	48.5	1.7
Am Growth C	US	EQ	LUX	03/15	USD	28.51	0.9	49.3	2.3
Am Growth I	US	EQ	LUX	03/15	USD	35.01	1.1	51.2	3.5
Am Income A	US	BD	LUX	03/15	USD	8.56	2.5	31.5	7.3
Am Income A2	US	BD	LUX	03/15	USD	19.57	2.8	31.5	7.3
Am Income A2	OT	OT	NA	03/15	HKD	151.85	2.8	31.5	7.3
Am Income AT	OT	OT	NA	03/15	HKD	66.42	2.8	31.5	7.3
Am Income AT	US	BD	LUX	03/15	USD	8.56	2.8	31.5	7.3
Am Income B	US	BD	LUX	03/15	USD	8.56	2.4	30.5	6.5
Am Income B2	US	BD	LUX	03/15	USD	16.84	2.6	30.5	6.6
Am Income B2	OT	OT	NA	03/15	HKD	130.67	2.6	30.5	6.6
Am Income BT	OT	OT	NA	03/15	HKD	66.81	2.6	30.7	6.6
Am Income BT	US	BD	LUX	03/15	USD	8.61	2.6	30.7	6.6
Am Income C	US	BD	LUX	03/15	USD	8.56	2.4	30.8	6.8
Am Income C2	US	BD	LUX	03/15	USD	25.06	2.7	30.9	6.8
Am Income I	US	BD	LUX	03/15	USD	8.56	2.6	32.3	8.0
Am Value A	US	EQ	LUX	03/15	USD	8.78	2.9	43.0	-5.5
Am Value B	US	EQ	LUX	03/15	USD	8.06	2.7	41.4	-6.5
Am Value C	US	EQ	LUX	03/15	USD	8.77	2.8	42.1	-5.9
Am Value I	US	EQ	LUX	03/15	USD	9.46	3.1	44.0	-4.8
Emg Mkts Debt A	GL	BD	LUX	03/15	USD	16.02	4.1	49.6	10.2
Emg Mkts Debt A2	GL	BD	LUX	03/15	USD	20.97	4.3	49.6	10.2
Emg Mkts Debt AT	GL	BD	LUX	03/15	USD	16.10	4.3	49.7	10.2
Emg Mkts Debt B	GL	BD	LUX	03/15	USD	16.02	3.9	48.2	9.1
Emg Mkts Debt B2	GL	BD	LUX	03/15	USD	20.16	4.1	48.1	9.1
Emg Mkts Debt BT	GL	BD	LUX	03/15	USD	16.07	4.1	48.0	9.1
Emg Mkts Debt C	GL	BD	LUX	03/15	USD	16.02	4.0	49.0	9.7
Emg Mkts Debt C2	GL	BD	LUX	03/15	USD	20.59	4.2	48.9	9.7
Emg Mkts Debt I	GL	BD	LUX	03/15	USD	16.02	4.2	50.3	10.8
Emg Mkts Growth A	GL	EQ	LUX	03/15	USD	34.28	-1.1	79.1	-8.3
Emg Mkts Growth B	GL	EQ	LUX	03/15	USD	29.00	-1.3	77.4	-9.2
Emg Mkts Growth C	GL	EQ	LUX	03/15	USD	29.69	-1.2	78.3	-8.7
Emg Mkts Growth I	GL	EQ	LUX	03/15	USD	38.07	-0.9	80.5	-7.5
Eur Growth A	OT	OT	LUX	03/15	EUR	7.15	1.7	42.4	-10.0
Eur Growth A	OT	OT	LUX	03/15	EUR	7.15	1.7	42.4	-10.0
Eur Growth B	OT	OT	LUX	03/15	EUR	6.42	1.6	41.1	-10.8
Eur Growth B	OT	OT	LUX	03/15	USD	8.78	1.6	41.1	-10.8
Eur Growth C	EU	EQ	LUX	03/15	EUR	5.41	1.5	41.6	-10.3
Eur Growth I	OT	OT	LUX	03/15	USD	10.68	1.8	43.6	-9.2
Eur Growth I	OT	OT	LUX	03/15	EUR	7.81	1.8	43.6	-9.2
Eur Income A	OT	OT	LUX	03/15	EUR	6.80	4.0	57.4	8.3
Eur Income A	OT	OT	LUX	03/15	USD	9.30	4.0	57.4	8.3
Eur Income A2	OT	OT	LUX	03/15	EUR	13.42	4.3	57.3	8.3
Eur Income A2	OT	OT	LUX	03/15	USD	18.35	4.3	57.3	8.3
Eur Income AT	EU	BD	LUX	03/15	EUR	6.80	4.3	57.4	8.4
Eur Income B	OT	OT	LUX	03/15	EUR	6.80	3.9	56.4	7.6
Eur Income B	OT	OT	LUX	03/15	USD	9.30	3.9	56.4	7.6
Eur Income B2	OT	OT	LUX	03/15	EUR	12.46	4.1	56.1	7.5
Eur Income B2	OT	OT	LUX	03/15	USD	17.04	4.1	56.1	7.5
Eur Income BT	EU	BD	LUX	03/15	EUR	6.80	4.1	56.1	7.6
Eur Income C	OT	OT	LUX	03/15	EUR	6.80	3.9	56.8	7.9
Eur Income C	OT	OT	LUX	03/15	USD	9.30	3.9	56.8	7.9
Eur Income C2	OT	OT	LUX	03/15	EUR	13.36	4.1	56.6	7.8
Eur Income C2	OT	OT	LUX	03/15	USD	18.27	4.1	56.6	7.8
Eur Income I	OT	OT	LUX	03/15	EUR	6.80	4.1	58.1	8.9
Eur Income I	OT	OT	LUX	03/15	USD	9.30	4.1	58.1	8.9
Eur Strat Value A	OT	OT	LUX	03/15	EUR	8.60	0.8	49.0	-13.7
Eur Strat Value A	OT	OT	LUX	03/15	USD	11.76	0.8	49.0	-13.7
Eur Strat Value I	OT	OT	LUX	03/15	EUR	8.82	0.9	50.3	-13.0
Eur Strat Value I	OT	OT	LUX	03/15	USD	12.06	0.9	50.3	-13.0
Eur Value A	OT	OT	LUX	03/15	EUR	9.23	0.3	51.8	-10.0
Eur Value A	OT	OT	LUX	03/15	USD	12.62	0.3	51.8	-10.0
Eur Value B	OT	OT	LUX	03/15	USD	11.60	0.2	50.4	-10.9
Eur Value B	OT	OT	LUX	03/15	EUR	8.48	0.2	50.4	-10.9
Eur Value C	OT	OT	LUX	03/15	USD	12.20	0.3	51.2	-10.4
Eur Value C	OT	OT	LUX	03/15	EUR	8.92	0.3	51.2	-10.4
Eur Value I	OT	OT	LUX	03/15	USD	14.60	0.6	53.2	-9.3
Eur Value I	OT	OT	LUX	03/15	EUR	10.68	0.6	53.2	-9.3
Gl Balanced (Euro) A	OT	OT	LUX	03/15	USD	16.07	2.4	35.8	-5.4
Gl Balanced (Euro) B	OT	OT	LUX	03/15	USD	15.62	2.2	34.4	-6.3
Gl Balanced (Euro) C	OT	OT	LUX	03/15	USD	15.93	2.4	35.5	-5.7
Gl Balanced (Euro) I	OT	OT	LUX	03/15	USD	16.38	2.6	NS	NS
Gl Balanced A	US	BA	LUX	03/15	USD	16.61	0.8	39.6	-6.6
Gl Balanced B	US	BA	LUX	03/15	USD	15.76	0.6	38.1	-7.5
Gl Balanced C	OT	OT	LUX	03/15	USD	16.35	0.7	39.0	-6.9
Gl Balanced C	OT	OT	LUX	03/15	EUR	11.96	0.7	39.0	-6.9
Gl Balanced I	US	BA	LUX	03/15	USD	17.25	0.9	40.5	-5.9
Gl Bond A	US	BD	LUX	03/15	USD	9.38	2.2	18.3	5.1
Gl Bond A2	US	BD	LUX	03/15	USD	16.39	2.4	18.3	5.1
Gl Bond A2	OT	OT	NA	03/15	HKD	127.18	2.4	18.3	5.1
Gl Bond AT	OT	OT	LUX	03/15	HKD	72.78	2.4	18.3	5.1
Gl Bond AT	US	BD	LUX	03/15	USD	9.38	2.4	18.3	5.1
Gl Bond B	US	BD	LUX	03/15	USD	9.38	2.0	17.1	4.0
Gl Bond B2	US	BD	LUX	03/15	USD	14.32	2.1	17.0	4.0
Gl Bond B2	OT	OT	NA	03/15	HKD	111.12	2.1	17.0	4.0
Gl Bond BT	OT	OT	LUX	03/15	HKD	73.02	2.1	17.1	4.0
Gl Bond BT	US	BD	LUX	03/15	USD	9.41	2.1	17.1	4.0
Gl Bond C	US	BD	LUX	03/15	USD	9.38	2.1	17.7	4.6
Gl Bond C2	US	BD	LUX	03/15	USD	14.21	2.3	17.7	4.6
Gl Bond I	US	BD	LUX	03/15	USD	9.38	2.3	18.9	5.7
Gl Conservative A	US	BA	LUX	03/15	USD	14.97	1.2	24.6	-1.6
Gl Conservative A2	US	BA	LUX	03/15	USD	17.12	1.1	24.6	-1.7
Gl Conservative B	US	BA	LUX	03/15	USD	14.97	1.0	23.4	-2.6
Gl Conservative B2	US	BA	LUX	03/15	USD	16.24	0.9	23.4	-2.6
Gl Conservative C	US	BA	LUX	03/15	USD	14.96	1.1	24.0	-2.1
Gl Conservative C2	US	BA	LUX	03/15	USD	16.73	1.0	24.0	-2.1
Gl Conservative I	US	BA	LUX	03/15	USD	15.04	1.3	25.7	-0.8
Gl Eq Blend A	GL	EQ	LUX	03/15	USD	11.62	-0.3	54.3	-15.3
Gl Eq Blend B	GL	EQ	LUX	03/15	USD	10.88	-0.6	52.8	-16.1
Gl Eq Blend C	GL	EQ	LUX	03/15	USD	11.40	-0.5	53.6	-15.6
Gl Eq Blend I	GL	EQ	LUX	03/15	USD	12.28	-0.2	55.6	-14.5
Gl Growth A	GL	EQ	LUX	03/15	USD	41.99	0.2	49.9	-15.7
Gl Growth B	GL	EQ	LUX	03/15	USD	34.98	0.0	48.4	-16.6
Gl Growth C	GL	EQ	LUX	03/15	USD	40.26	0.1	49.2	-16.1
Gl Growth I	GL	EQ	LUX	03/15	USD	46.70	0.4	51.1	-15.0
Gl High Yield A	US	BD	LUX	03/15	USD	4.46	4.4	69.6	8.7
Gl High Yield A2	US	BD	LUX	03/15	USD	9.69	4.6	69.1	8.5
Gl High Yield A2	OT	OT	NA	03/15	HKD	75.19	4.6	69.1	8.5
Gl High Yield AT	OT	OT	NA	03/15	HKD	34.30	4.7	69.2	8.5
Gl High Yield AT	US	BD	LUX	03/15	USD	4.42	4.7	69.2	8.5
Gl High Yield B	US	BD	LUX	03/15	USD	4.46	4.2	67.5	7.3
Gl High Yield B2	US	BD	LUX	03/15	USD	15.55	4.5	67.4	7.4
Gl High Yield B2	OT	OT	NA	03/15	HKD	120.66	4.5	67.4	7.4
Gl High Yield BT	OT	OT	NA	03/15	HKD	34.92	4.4	67.2	7.4
Gl High Yield BT	US	BD	LUX	03/15	USD	4.50	4.4	67.2	7.4
Gl High Yield C	US	BD	LUX	03/15	USD	4.46	4.3	68.7	8.1
Gl High Yield C2	US	BD	LUX	03/15	USD	14.35	4.6	68.4	8.0
Gl High Yield I	US	BD	LUX	03/15	USD	4.46	4.5	70.7	9.4
Gl Thematic Res. A	OT	OT	LUX	03/15	USD	14.93	1.4	77.3	3.0
Gl Thematic Res. B	OT	OT	LUX	03/15	USD	13.03	1.1	75.6	1.9
Gl Thematic Res. I	OT	OT	LUX	03/15	USD	16.67	1.5	78.7	3.8
Gl Value A	GL	EQ	LUX	03/15	USD	11.04	-0.9	59.3	-14.8
Gl Value B	GL	EQ	LUX	03/15	USD	10.12	-1.2	57.6	-15.6
Gl Value C	GL	EQ	LUX	03/15	USD	10.72	-1.0	58.6	-15.2
Gl Value I	GL	EQ	LUX	03/15	USD	11.76	-0.8	60.7	-14.1
Greater China A	AS	EQ	LUX	03/15	USD	38.84	-3.0	58.1	-5.7
Greater China B	AS	EQ	LUX	03/15	USD	34.30	-3.2	56.6	-6.6
Greater China C	AS	EQ	LUX	03/15	USD	38.31	-3.1	57.5	-6.1
India Growth A	OT	OT	LUX	03/15	USD	129.44	2.0	NS	NS
India Growth AX	OT	OT	LUX	03/15	USD	113.21	2.0	121.7	2.3
India Growth B	OT	OT	LUX	03/15	USD	135.32	1.8	NS	NS
India Growth BX	OT	OT	LUX	03/15	USD	96.57	1.8	119.5	1.3
India Growth I	EA	EQ	LUX	03/15	USD	117.44	2.2	122.8	2.7
Int'l Health Care A	OT	EQ	LUX	03/15	USD	143.37	4.3	34.7	-0.2
Int'l Health Care B	OT	EQ	LUX	03/15	USD	120.68	4.1	33.3	-1.2
Int'l Health Care C	OT	EQ	LUX	03/15	USD	137.28	4.2	34.0	-0.6
Int'l Health Care I	OT	EQ	LUX	03/15	USD	156.90	4.5	35.7	0.6
Int'l Technology A	OT	EQ	LUX	03/15	USD	111.34	0.9	61.5	-1.5
Int'l Technology B	OT	EQ	LUX	03/15	USD	96.28	0.7	59.9	-2.5
Int'l Technology C	OT	EQ	LUX	03/15	USD	107.50	0.8	60.8	-1.9
Int'l Technology I	OT	EQ	LUX	03/15	USD	125.04	1.1	62.8	-0.7
Japan Eq Blend A	JP	EQ	LUX	03/15	JPY	6135.00	1.8	40.3	-12.1
Japan Eq Blend B	JP	EQ	LUX	03/15	JPY	5908.00	1.6	38.9	-13.0
Japan Eq Blend C	JP	EQ	LUX	03/15	JPY	6031.00	1.8	39.7	-12.5
Japan Growth A	JP	EQ	LUX	03/15	JPY	5811.00	-1.1	27.5	-14.4
Japan Growth B	JP	EQ	LUX	03/15	JPY	5596.00	-1.3	26.2	-15.3
Japan Growth C	JP	EQ	LUX	03/15	JPY	5713.00	-1.2	26.9	-14.8
Japan Strat Value A	JP	EQ	LUX	03/15	JPY	6409.00	4.7	53.1	-10.3
Japan Strat Value B	JP	EQ	LUX	03/15	JPY	6179.00	4.5	51.6	-11.2
Japan Strat Value C	JP	EQ	LUX	03/15	JPY	6296.00	4.6	52.3	-10.7
Real Estate Sec. A	OT	EQ	LUX	03/15	USD	14.63	2.0	82.0	-9.1
Real Estate Sec. B	OT	EQ	LUX	03/15	USD	13.34	1.7	80.0	-10.1
Real Estate Sec. I	OT	EQ	LUX	03/15	USD	15.74	2.1	83.2	-8.4
Short Mat Dollar A	US	BD	LUX	03/15	USD	7.31	1.2	16.0	-1.5
Short Mat Dollar A2	US	BD	LUX	03/15	USD	9.91	1.2	15.9	-1.7
Short Mat Dollar AT	US	BD	LUX	03/15	USD	7.30	1.3	16.0	-1.7
Short Mat Dollar B	US	BD	LUX	03/15	USD	7.31	1.1	15.5	-2.0
Short Mat Dollar B2	US	BD	LUX	03/15	USD	9.85	1.1	15.3	-2.1
Short Mat Dollar BT	OT	OT	LUX	03/15	USD	7.31	1.1	NS	-2.4
Short Mat Dollar C	US	BD	LUX	03/15	USD	7.31	1.1	15.5	-2.0
Short Mat Dollar C2	US	BD	LUX	03/15	USD	13.93	1.2	15.4	-2.1
Short Mat Dollar I	US	BD	LUX	03/15	USD	7.31	1.2	16.6	-1.0

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS

CREDIT PACIFIC Private Banking & Wealth Management Group

CREDIT PACIFIC ASSET MANAGMENT
www.creditpacific.com

CPS-Master Priv Fund	GL	OT	WSM	03/15	USD	105.35	5.4	27.8	22.3

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Tel: +44 207 024 9840, www.platinumfunds.net

Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0

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Superfund Cayman*	OT	OT	CYM	03/09	USD	39.21	-3.8	-55.8	-17.3
Superfund GCT USD*	GL	EQ	LUX	03/09	USD	2103.00	-4.2	-44.3	-13.6
Superfund Green Gold A (SPC)	OT	OT	CYM	03/09	USD	956.45	-0.8	-22.6	-7.9
Superfund Green Gold B (SPC)	OT	OT	CYM	03/09	USD	915.01	-2.2	-37.3	-14.6
Superfund Q-AG*	OT	OT	AUT	03/09	EUR	6541.00	-1.2	-27.4	-4.6

WINTON CAPITAL MANAGEMENT LTD
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Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3

Allianz Global Investors

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Concentra AE	EU	EQ	DEU	03/16	EUR	51.97	0.3	56.6	-2.5
Industria AE	EU	EQ	DEU	03/16	EUR	72.02	1.8	46.8	-9.8
InternRent AE	EU	BD	DEU	03/16	EUR	37.38	6.1	7.5	11.1

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CAM-GTF Limited	AS	EQ	MUS	03/11	USD	307009.86	11.8	161.9	15.6

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INTERNATIONAL INVESTOR

Intel, GE, commodities support U.S. indexes

By Donna Kardos Yesalavich And Kristina Peterson

U.S. stocks rose as gains in commodities boosted the materials sector, while Greece's avoidance of a credit-rating downgrade from Standard & Poor's provided some relief.

The Dow Jones Industrial Average was up 17.46 points, or 0.2%, at 10659.61 in early afternoon trade. The Nasdaq Composite gained 0.4% to 2372.50. The Standard & Poor's 500-stock index also rose 0.4% to 1155.18.

ABREAST OF THE MARKET

Intel climbed 3.4% after the chip maker officially launched its new Xeon chip aimed at the server market.

General Electric gained 2.3% after its chief financial officer said the conglomerate expects to raise its dividend next year. The stock's gain also came as J.P. Morgan raised its 2010 earnings estimates for GE.

Home Depot shed 0.6% following a decline in housing starts.

Boeing fell 0.6% after Air Berlin said it has reduced its aircraft orders to Boeing, citing changed market conditions in the aviation industry and its increased focus on short and medium-haul air traffic.

Financial Engines soared 42% after shares priced above the expected range. If it holds on to the gains, the retirement-services provider will be the first initial public offering in the U.S. to both price high and trade up by a double-digit percentage of this level since Nov. 18, when computer network security firm Fortinet Inc. gained 33% on its debut.

European stocks

Shares gained, buoyed late in the session after ratings agency Standard & Poor's said Greece was on track to meet its near-term budget goals.

But it did slap Greece with a negative outlook, meaning future downgrades are possible.

The Stoxx Europe 600 rose 1% to 259.18, its third gain in four sessions.

Greece's ASE Composite Index remained in the red, falling 0.5% to 2112.67. However, the index was well off the lowest levels of the day.

Among other major national markets, the German DAX index rose 1.1% to 5970.99 and the U.K.'s FTSE 100 index rose 0.5% to 5620.43. The French CAC-40 index gained 1.2% to 3938.95.

Germany's **Daimler** and France's **Renault** each rose 2.3% on a report in the Financial Times that the auto makers are in talks over acquiring mutual stakes as part of an alliance that would go beyond their current negotiations on small cars.

Royal Dutch Shell rose 1.3% after it outlined a future in which the oil giant is swimming in cash. It predicted cash flow from operations would climb more than 80% in 2012 if oil prices stay at current levels.

Italian luxury-goods firm **Bulgari** lost 9.6% after disappointing results.

Euro advances on news Greece keeps its rating

By Bradley Davis

NEW YORK—The euro gained strongly against the dollar Tuesday after ratings company Standard & Poor's eased some concerns over fiscally strapped Greece by announcing it had taken the stressed country's debt off its ratings watch.

The euro jumped from around $1.3740 just before the S&P announcement to an intraday high of $1.3771 after the announcement, though the firm noted the outlook for Greece remained negative.

Late Tuesday morning, the euro was at $1.3751 from $1.3673 late Monday. The dollar was at 90.44 yen from 90.49 yen, while the euro was at 124.35 yen from 123.73 yen. The U.K. pound was at $1.5192 from $1.5052. The dollar was at 1.0557 Swiss francs from 1.0624 francs.

CURRENCY MARKETS

As markets thinned out ahead of the Federal Open Market Committee rate decision on interest rates, which was scheduled for Tuesday afternoon, small transactions were leading to big swings in currency markets, noted Jacob Oubina, currency strategist at Forex.com in Bedminster, N.J.

Greece avoided a downgrade by Standard & Poor's Ratings Services, which warned last month it was considering a downgrade by as much as two notches, after the nation's government announced plans to reduce its deficit.

Exporters fall in Tokyo; Hong Kong miners slide

By Colin Ng And Leslie Shaffer

Japanese stocks fell as exporters retreated after a series of strong performances over the past few days, while coal miners extended their drop in Hong Kong after **China Shenhua Energy**'s weaker-than-expected earnings last week.

Overall, Asian shares ended mixed ahead of crucial policy meetings later this week at the U.S. Federal Reserve and the Bank of Japan.

ASIAN-PACIFIC STOCKS

Japan's Nikkei Stock Average of 225 companies lost 0.3% to 10721.71, snapping a three-session winning streak.

Among exporters, **Canon** lost 1.3% and **Honda Motor** dropped 1.5%. Shipping stocks also ranked among the losers after sharp gains on Monday. **Mitsui O.S.K. Lines** dropped 1% and **Kawasaki Kisen Kaisha** slid 0.6%.

The Bombay Stock Exchange's Sensitive Index rose 1.3% to 17383.18, its highest close since Jan. 20, spurred by gains in **Reliance Industries**, metals and autos.

Reliance Industries jumped 3.8% to a near-two-month high on hopes of strong fourth-quarter results driven by improving refining margins. Aluminum producer **Hindalco Industries** rose 2.4%.

Australia's S&P/ASX 200 gained 0.3% to 4797.25, supported by mining stocks. **BHP Billiton** inched up 0.4% and **Rio Tinto** edged 0.2% higher.

But Southern Cross Equities director Angus Aitken said he would switch out of the mining stocks and into banks such as **National Australia Bank**.

"You can feel offshore clients, who have been the major buyers of resources stocks down here for months, are working out [that] there are some very odd things going on in China in terms of a huge property bubble forming. Having 25%-30% vacancy rates in commercial high-rise buildings isn't good," he said. NAB shares shed 0.3%.

China's Shanghai Composite rebounded 0.5% to 2992.84 after declining in the previous two sessions, while Hong Kong's Hang Seng Index shed 0.3% to 21022.93.

Coal-mining stocks suffered further declines in Hong Kong after China Shenhua's weaker-than-expected results, announced Friday. Shenhua's stock dropped 2.7%, on top of Monday's 3.9% tumble. **China Coal Energy** gave up 0.7%, while **Yanzhou Coal Mining** declined 1.6%.

Hong Kong-listed shares of Chinese steel mills also declined, after Merrill Lynch cut the earnings estimates of **Maanshan Iron & Steel** and **Angang Steel**. Angang gave up 1.5%, while Maanshan slipped 0.2%.

Wellington stocks were pulled lower by a 1.8% drop in shares of market heavyweight **Telecom Corp. of New Zealand**, after the company said the government's rural broadband plans would hurt its earnings over the next three fiscal years.

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GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/05	USD	1300.56	4.6	29.6	-5.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/08	JPY	14500.48	-6.6	70.7	2.6
GAM Asia Equity Hedge US	OT	OT	VGB	03/08	USD	271.06	-6.6	74.9	3.9
GAM Asia Equity USD	OT	OT	VGB	03/15	USD	635.67	-2.8	76.5	-4.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/09	USD	1328.80	3.6	54.4	-9.6
GAM Com Glb Bal EUR Op	US	BA	VGB	03/08	EUR	97.83	1.1	28.3	-6.2
GAM Com Glb Bal USD Op	US	BA	VGB	03/08	USD	129.18	1.1	28.3	-6.2
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/08	EUR	101.37	0.9	46.9	-10.8
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/08	USD	128.66	0.9	46.9	-10.8
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/08	EUR	88.93	0.4	32.9	-9.4
GAM Comp Glb Gr USD Op	US	BA	VGB	03/08	USD	127.62	0.4	32.9	-9.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/12	USD	259.82	4.5	78.3	-2.5
GAM Cross Trading Inc	OT	OT	VGB	03/08	USD	460.97	-1.1	3.7	1.6
GAM Diversity CHF Op	OT	OT	VGB	03/08	CHF	94.50	0.2	3.8	-6.0
GAM Diversity EUR Op	OT	OT	VGB	03/08	EUR	650.43	0.3	4.4	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	03/08	USD	78.58	0.4	8.4	-17.6
GAM Diversity USD Op	OT	OT	VGB	03/08	USD	683.13	0.3	4.6	-5.2
GAM Dvrsty II CHF Op	OT	OT	VGB	03/08	CHF	99.65	0.2	3.1	-5.7
GAM Dvrsty II EUR Op	OT	OT	VGB	03/08	EUR	139.08	0.2	3.5	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	03/08	USD	210.68	0.2	3.7	-5.1
GAM DvrstyIII EUR Op	OT	OT	VGB	03/08	EUR	115.79	0.2	3.4	-4.9
GAM DvrstyIII USD Op	OT	OT	VGB	03/08	USD	122.28	0.2	3.7	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/08	EUR	223.19	2.0	16.8	-0.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/08	USD	207.03	1.8	18.0	0.7
GAM European Equity USD	OT	OT	VGB	03/15	USD	281.94	-2.5	52.5	-10.3
GAM GAMCO	OT	EQ	VGB	03/09	USD	852.06	5.1	95.2	-4.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/08	EUR	98.86	1.0	14.7	-14.9
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/08	USD	104.34	1.1	16.0	-14.1
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/15	USD	259.12	2.2	52.4	-3.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/08	USD	269.27	-6.1	111.0	22.3
GAM Intrst Trend II	GL	BD	VGB	03/08	USD	108.29	15.0	90.0	-0.5
GAM Intrst Trend Inc	OT	OT	VGB	03/08	USD	288.46	14.7	110.5	1.3
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/08	EUR	125.31	7.4	27.7	1.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/08	USD	128.57	5.4	27.5	-11.9
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/08	JPY	8851.63	5.3	25.8	-11.0
GAM Japan USD	JP	EQ	VGB	03/15	USD	1187.11	7.6	46.4	-8.1
GAM Japan YEN	JP	EQ	VGB	03/15	JPY	9386.22	6.4	41.1	-10.6
GAM Money Mkt EuroOp	EU	MM	VGB	03/15	EUR	51.16	0.7	0.8	1.7
GAM Money Mkt USD	US	MM	VGB	03/15	USD	100.03	0.1	0.0	0.6
GAM Multi-Arb EUR Op	OT	OT	VGB	03/08	EUR	112.75	1.4	1.6	-7.3
GAM Multi-Arb USD Op	OT	OT	VGB	03/08	USD	117.64	1.4	1.8	-7.5
GAM Multi-China EUR Op	OT	OT	VGB	03/08	EUR	162.18	-3.4	8.5	-5.6
GAM Multi-China USD Op	OT	OT	VGB	03/08	USD	170.94	-3.2	9.3	-6.2
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/08	GBP	131.03	-0.4	25.4	-1.5
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/08	USD	648.40	-0.4	25.5	-1.8
GAM Multi-Eur EUR Op	OT	OT	VGB	03/08	EUR	267.18	-0.6	4.7	-5.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/08	EUR	137.48	-0.6	4.6	-5.4
GAM Multi-Eur II USD Op	OT	OT	VGB	03/08	USD	112.44	-0.6	4.6	-6.3
GAM Multi-Eur USD Op	OT	OT	VGB	03/08	USD	465.04	-0.6	4.6	-6.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/08	EUR	134.29	0.2	9.5	-1.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/08	USD	218.47	0.2	9.7	-1.8
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/08	EUR	140.85	-1.8	2.0	-3.2
GAM Multi-Pac USD Op	OT	OT	VGB	03/08	USD	162.73	-1.6	2.4	-3.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/05	USD	2749.93	4.2	72.4	11.2
GAM Sing/Malaysia	AS	EQ	VGB	03/15	USD	2514.13	-0.4	75.8	-0.9
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/08	GBP	240.86	4.7	54.0	7.1
GAM Trading EUR Inc	OT	OT	VGB	03/08	EUR	321.56	-1.1	3.3	2.3
GAM Trading USD Inc	OT	OT	VGB	03/08	USD	962.92	-1.0	3.7	1.6
GAM Trdg II IncEUR Op	OT	OT	VGB	03/08	EUR	137.57	-1.1	3.2	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/08	USD	312.66	-1.0	3.8	1.6
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/08	EUR	145.11	-1.1	3.0	2.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/08	USD	152.86	-1.1	3.5	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/08	EUR	123.02	-1.1	2.9	1.9
GAM Trdg V IncUSD Op	OT	OT	VGB	03/08	USD	128.25	-1.0	3.5	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/08	EUR	155.15	-1.2	3.0	1.9
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/08	USD	160.78	-1.1	3.5	1.5
GAM USDSpecBondInc	US	BD	VGB	03/08	USD	570.47	7.6	107.7	11.8
GAM Worldwide	GL	EQ	VGB	03/15	USD	2187.53	-0.6	55.9	-7.3
GAMut Investments	OT	OT	VGB	03/10	USD	7710.34	1.7	2.5	6.6

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/15	CHF	10.97	0.2	58.3	-4.7
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/15	EUR	12.10	2.1	69.3	0.1
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/15	GBP	1.63	4.2	65.6	8.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/15	USD	13.01	-1.9	81.3	-5.6
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/15	EUR	109.51	7.7	49.9	-2.5
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/15	EUR	105.98	7.7	49.9	-2.5
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/15	EUR	11.25	2.3	44.6	-1.4
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/15	EUR	184.83	1.6	44.8	-5.2
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/15	EUR	168.89	1.6	44.8	-5.2
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/15	USD	15.42	-2.3	54.8	-10.2
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/15	USD	13.98	-2.3	54.7	-10.2
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/12	USD	5.76	5.0	55.0	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/15	EUR	96.84	9.2	44.0	-2.2
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/15	EUR	96.85	9.2	44.0	-2.2
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/15	JPY	977.20	5.7	44.6	-13.0
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/15	USD	11.94	6.9	49.2	-9.6
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/15	USD	2203.10	-0.5	56.9	-6.8

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American Growth	US	EQ	LUX	03/16	USD	15.64	2.4	51.1	-7.3
American Growth AA	US	EQ	LUX	03/16	USD	0.90	2.3	50.7	-5.1
Asian Equity	AS	EQ	LUX	03/16	USD	2.40	-2.2	71.8	-2.5
Asian Equity AA	AS	EQ	LUX	03/16	USD	0.77	-2.3	71.2	-2.8
Asian Sm Cap Equity AA	AS	EQ	LUX	03/16	USD	1.18	1.9	114.9	3.9
China Value A	AS	EQ	LUX	03/16	USD	6.81	-4.3	63.4	1.6
China Value AA	AS	EQ	LUX	03/16	USD	2.14	-4.3	63.0	1.3
Dragon Growth	AS	EQ	LUX	03/16	USD	1.59	-3.1	64.2	-1.3
Dragon Growth AA	OT	OT	LUX	03/16	HKD	7.75	-3.0	64.1	-1.9
Emg Eastrn Europe A	EU	EQ	LUX	03/16	USD	4.75	3.0	119.0	-12.9
Emg Eastrn Europe AA	EU	EQ	LUX	03/16	USD	2.05	3.0	118.6	-13.1
European Growth	EU	EQ	LUX	03/16	USD	8.95	-2.3	66.2	-14.9
European Growth AA	EU	EQ	LUX	03/16	USD	0.64	-2.3	65.8	-15.1
Global Contrarain AA	GL	EQ	LUX	03/16	USD	0.93	5.8	116.8	NS
Global Property AA	OT	EQ	LUX	03/16	USD	0.69	2.3	87.1	-8.3
Global Resources AA	OT	EQ	LUX	03/16	USD	1.08	-0.5	58.0	-15.7
Healthcare AA	OT	EQ	LUX	03/16	USD	1.00	5.6	36.7	NS
India Equity AA	EA	EQ	LUX	03/16	USD	1.10	-0.1	99.5	-4.0
International Growth	GL	EQ	LUX	03/16	USD	3.07	0.8	45.5	-11.2
International Growth AA	GL	EQ	LUX	03/16	USD	0.71	0.7	45.2	-11.4
Japanese Growth	JP	EQ	LUX	03/16	USD	2.84	3.1	40.6	-7.3
Japanese Growth AA	JP	EQ	LUX	03/16	USD	0.75	3.7	41.2	-7.2
Latin America Equity AA	GL	EQ	LUX	03/16	USD	1.29	-0.1	106.7	-4.5
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/16	USD	1.04	3.4	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/16	USD	1.15	0.8	NS	NS
Russia Equity AA	EE	EQ	LUX	03/16	USD	0.70	8.9	139.4	-17.2
Taiwan Equity AA	AS	EQ	LUX	03/16	USD	1.01	-6.8	70.4	-2.3
Turkey Equity AA	EE	EQ	LUX	03/16	USD	0.76	-1.3	155.1	-0.9
U.S. Bond AA	US	BD	LUX	03/16	USD	1.14	2.7	21.1	8.6
U.S. Sm Cap Equity AA	US	EQ	LUX	03/16	USD	0.93	14.2	100.2	-1.6
U.S. Special Opportunities	OT	OT	LUX	03/16	USD	0.90	11.4	110.8	13.3
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/16	USD	1.14	0.5	10.2	0.3

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	03/10	USD	136.35	7.1	158.8	0.3

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	03/15	USD	8.10	1.0	100.5	1.1

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	03/12	EUR	21.68	5.3	66.5	6.7
Bonds EURO A	OT	OT	LUX	03/12	EUR	41.62	1.4	5.4	4.7
Bonds EUROPE A	OT	OT	LUX	03/15	EUR	39.66	1.4	4.4	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	03/12	USD	37.47	1.6	18.3	8.2
Bonds World A	OT	OT	LUX	03/12	USD	41.71	-0.7	13.0	1.9
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/15	USD	10.16	-2.5	80.5	-4.0
Eq. China A	AS	EQ	LUX	03/15	USD	22.63	-6.2	63.1	-3.1
Eq. Concentrated Euroland A	OT	OT	LUX	03/15	EUR	91.74	-1.3	39.2	-10.5
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/15	EUR	26.76	-0.9	49.6	-10.3
Eq. Emerging Europe A	OT	OT	LUX	03/12	EUR	25.78	9.4	108.9	-16.5
Eq. Euroland A	EU	EQ	LUX	03/12	EUR	10.81	-0.1	45.9	-12.2
Eq. Euroland Small Cap A	OT	OT	LUX	03/15	EUR	146.62	3.9	59.5	-4.2
Eq. EurolandCyclclsA	EU	EQ	LUX	03/15	EUR	18.15	2.0	46.5	-7.2
Eq. EurolandFinancialA	OT	EQ	LUX	03/12	EUR	10.90	-3.6	85.5	-15.8
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/12	USD	9.31	-3.8	73.9	-12.8
Eq. Global A	GL	EQ	LUX	03/15	USD	28.13	1.0	59.4	-7.9
Eq. Global Energy A	OT	OT	LUX	03/15	USD	17.71	-2.3	39.3	-15.2
Eq. Global Resources A	OT	OT	LUX	03/15	USD	108.36	-0.8	62.1	-14.6
Eq. Gold Mines A	OT	OT	LUX	03/15	USD	29.77	-1.7	43.7	-9.2
Eq. India A	OT	OT	LUX	03/15	USD	129.32	-1.1	101.5	-4.7
Eq. Japan CoreAlpha A	OT	OT	LUX	03/15	JPY	7735.21	6.6	43.5	-1.0
Eq. Latin America A	OT	OT	LUX	03/12	USD	114.95	-1.1	93.0	-9.6
Eq. US Lg Cap Gr A	US	EQ	LUX	03/15	USD	15.64	2.5	51.9	-5.1
Eq. US Rel Val A	US	EQ	LUX	03/12	USD	21.27	3.3	63.4	-8.6
Eq. US Sm Cap Val A	US	EQ	LUX	03/15	USD	17.01	6.6	67.0	-10.0
Money Market EURO A	EU	MM	LUX	03/12	EUR	27.41	0.1	0.6	2.3
Money Market USD A	US	MM	LUX	03/12	USD	15.83	0.0	0.3	1.3

The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	03/04	USD	887.13	-7.7	2.4	-32.3
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/11	AED	5.18	-2.8	17.3	-34.1

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

Intel-Chin MainInd Foc	AS	EQ	CYM	02/26	USD	28.68	-3.9	76.4	6.4
Intel-China Converg*	AS	EQ	CYM	02/26	USD	109.61	-3.9	76.5	4.4
VP Classic - A	AS	EQ	CYM	03/15	USD	185.58	-0.5	90.6	4.5
VP Classic - B	AS	EQ	CYM	03/15	USD	86.41	-0.6	89.7	4.0
VP High Dividend Stk	AS	EQ	CYM	03/08	USD	46.67	2.7	100.9	6.3

*formerly known as China ABH Shares Fund

yuki
Yuki Management & Research
Tel +81-3-5299-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	03/16	JPY	9425.00	-0.3	32.0	-13.7
YMR-N Small Cap Fund	OT	OT	IRL	03/16	JPY	6781.00	-3.3	24.6	-13.7

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	03/16	JPY	6035.00	-1.9	21.8	-17.7
Yuki 77 Growth	JP	EQ	IRL	03/16	JPY	5517.00	-2.2	12.9	-22.0

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/16	JPY	6868.00	0.6	29.9	-13.3
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/16	JPY	8014.00	6.3	23.3	-10.8

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/16	JPY	4707.00	0.7	26.0	-17.6
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/16	JPY	5392.00	2.7	26.7	-11.8
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/16	JPY	4901.00	-4.0	21.8	-14.4

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/16	JPY	4359.00	-1.4	24.0	-21.9
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/16	JPY	4575.00	-1.9	23.3	-22.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/16	JPY	6862.00	-1.6	31.2	-16.3
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/16	JPY	8660.00	0.5	27.7	-13.2
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/16	JPY	6249.00	-1.7	21.6	-16.4
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/16	JPY	7784.00	2.0	17.4	-15.3
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/16	JPY	5230.00	0.8	27.0	-14.7
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/16	JPY	11940.00	3.3	30.8	-9.1
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/16	JPY	7717.00	-3.1	21.2	-18.7
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/16	JPY	6810.00	-4.6	29.2	-15.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/16	JPY	5749.00	1.8	29.9	-11.5
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/16	JPY	2632.00	-3.4	28.3	-20.3

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	03/16	JPY	5473.00	1.0	27.6	-14.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Sweden	0.03%	7.2%	61.1%
Switzerland	0.66	5.1	51.3
U.K.	0.28	3.3	46.4
Japan	-0.17	3.2	26.0
Netherlands	0.64	3.1	66.2
Canada	0.37	2.0	36.5
South Africa	0.42	1.4	33.8
Singapore	0.71	-0.4%	88.9
Australia	0.27	-0.4	37.1
France	0.78	-0.8	43.3
Germany	0.67	-0.8	42.0
Russia	0.27	-1.0	59.0
Italy	0.96	-2.2	63.6
Turkey	1.47	-2.3	119.1
Hong Kong	-0.27	-3.3	52.2
South Korea	-0.01	-3.6	42.8
Brazil	-0.03	-3.7	93.2
Spain	-0.08	-6.0	36.4
China 88	0.84	-11.5	31.1

Dow Jones Regional Sector Titans

Travel Leisure	0.61%	8.0%	56.0%
Ind Gds Svcs	0.33	6.7	73.4
Arab 50	0.40	5.2	33.0
Pers H'hold Gds	0.28	5.1	45.7
Retail	0.48	4.8	47.8
Media	0.52	3.0	62.4
DJ Sector Titans Real Estate Index	0.33	2.1	71.7
Asian 50	0.09	2.1	54.3
Global 50	0.39	-1.1%	41.0
Tiger 50*	0.06	-4.2	66.6

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	$36.7	137.00	2.24%	113.8%	0.9%
Toyota Motor	Japan	Automobiles	123.8	3,550	1.28	17.9	-54.1
Westpac Bking	Australia	Banks	71.4	26.91	1.05	52.0	4.6
Mitsubishi UFJ Finl	Japan	Banks	73.0	474.00	0.85	-0.6	-64.1
East Japan Railway	Japan	Travel Tourism	27.2	6,210	0.81	23.0	-32.9
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	$37.8	114.30	-1.64%	78.6	29.8
Nissan Motor	Japan	Automobiles	34.1	755.00	-1.56	110.9	-42.8
Honda Motor	Japan	Automobiles	65.7	3,245	-1.52	39.9	-22.0
Nintendo	Japan	Toys	38.0	26,810	-1.36	-10.4	-21.3
Canon	Japan	Electronic Office Equipment	56.2	4,110	-1.32	53.6	-36.1

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
JFE Hldgs Japan (Iron Steel)	20.6	3,525	0.71%	61.3%	-50.6%
Shinhan Financial Grp South Korea (Banks)	18.4	44,000	0.69	74.6	-18.1
Aus NZ Bk Australia (Banks)	55.2	24.15	0.54	67.4	-16.8
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.4	57.20	0.53	47.8	-21.9
Mizuho Financial Grp Japan (Banks)	29.6	190.00	0.53	-5.0	-75.1
Indl Comm Bk China Hong Kong (Banks)	62.2	5.81	0.52	68.4	35.1
BHP Billiton Australia (General Mining)	130.9	42.75	0.42	34.0	49.1
KB Fncl Group South Korea (Banks)	17.4	51,300	0.39	52.0	-39.4
Sumitomo Mitsui Finl Japan (Banks)	44.2	2,958	0.37	-9.0	-72.1
Seven I Hldgs Japan (Broadline Retailers)	20.6	2,055	0.34	1.2	-41.5
Nippon T&T Japan (Fixed Line Telecommunications)	57.1	3,900	0.26	4.8	-35.0
Woolworths Australia (Food Retailers Wholesalers)	31.8	28.28	0.25	11.6	1.7
KDDI Japan (Mobile Telecommunications)	23.4	478,000	0.21	7.7	-47.8
RioZim Ltd Australia (General Mining)	41.8	75.50	0.16	83.9	26.6
Commonwlth Bk of Aus Australia (Banks)	77.2	55.68	0.14	71.5	12.5
China Life Ins Hong Kong (Life Insurance)	34.7	36.15	0.14	50.6	65.1
Kansai Elec Power Japan (Conventional Electricity)	22.4	2,123	0.05	2.1	-42.6
China Mobile (HK) Hong Kong (Mobile Telecommunications)	192.3	75.05	...	11.9	3.1
Nippon Steel Japan (Iron Steel)	23.9	343.00	...	35.6	-58.6
Takeda Pharm Japan (Pharmaceuticals)	36.1	4,135	...	22.3	-47.1

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Tokyo Elec Power Japan (Conventional Electricity)	36.5	2,440	-0.04%	0.6%	-41.4%
NTT DoCoMo Japan (Mobile Telecommunications)	64.7	139,900	-0.07	0.9	-34.3
Westfield Grp Australia (Retail REITs)	25.0	11.87	-0.08	12.7	-42.7
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.6	59.70	-0.17	20.0	-12.4
National Australia Bk Australia (Banks)	51.1	26.75	-0.30	41.3	-33.3
Tokio Marine Hldgs Japan (Property Casualty Insurance)	22.0	2,527	-0.32	15.1	-38.8
China Constr Bk Hong Kong (Banks)	176.1	6.08	-0.33	43.1	38.2
Samsung Elec South Korea (Semiconductors)	99.5	765,000	-0.39	43.3	32.1
Woodside Petroleum Australia (Exploration Production)	29.3	44.76	-0.51	21.7	24.0
CNOOC Hong Kong (Exploration Production)	73.3	12.74	-0.62	77.9	101.3
QBE Ins Grp Australia (Reinsurance)	19.7	21.03	-0.66	16.1	-33.1
Sony Japan (Consumer Electronics)	37.2	3,370	-0.74	69.9	-44.7
Japan Tobacco Japan (Tobacco)	34.4	324,000	-0.77	41.4	-41.9
Panasonic Japan (Consumer Electronics)	30.3	1,320	-0.90	21.3	-44.5
Mitsubishi Japan (Industrial Suppliers)	42.1	2,317	-0.90	92.6	-15.0
Shin-Etsu Chml Japan (Specialty Chemicals)	24.2	5,140	-0.96	8.2	-29.2
PetroChina Hong Kong (Integrated Oil Gas)	24.3	8.95	-1.00	53.8	4.0
Cheung Kong Hong Kong (Real Estate Holding Development)	29.0	97.10	-1.07	52.9	5.0
POSCO South Korea (Iron Steel)	36.5	545,000	-1.09	51.0	46.5
Mitsui Japan (Industrial Suppliers)	30.5	1,519	-1.24	75.4	-28.4

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.13%	2.29%	1.0%	0.3%	5.8%
Event Driven	0.62	2.71	2.3	1.6	14.6
Equity Long/Short	0.72	3.38	4.6	3.0	7.9

*Estimates as of 03/12/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

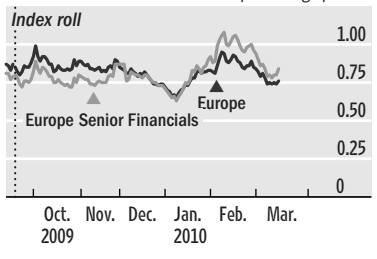
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.76	101.06%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	1.13	99.42	0.01	1.76	0.92	1.29
Europe Crossover: 12/1	4.25	102.93	0.05	6.15	3.79	4.87
Asia ex-Japan IG: 12/1	0.92	100.36	0.01	1.34	0.87	1.07
Japan: 12/1	1.27	98.78	0.01	1.68	0.99	1.35

Note: Data as of March 15

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nishimatsu Constr	510	**-26**	-36	-72
Kajima	295	**-13**	-35	-102
Nippon Sheet Glass	190	**-12**	-16	-31
Shimizu	132	**-5**	-8	-56
Taisei	292	**-4**	-21	-75
Sumitomo	58	**-4**	-2	-32
Matsui Secs	236	**-3**	-12	21
Wan Hai Lines	179	**-3**	-4	-24
Mitsui Chems	133	**-3**	-13	-14
Sapporo Hldgs	132	**-3**	-3	-21

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Hitachi	84	**2**	-3	-25
Toshiba	136	**3**	-8	-35
Bk of Tokyo Mitsubishi UFJ	69	**3**	...	-21
Hysan Dev	53	**3**	1	-5
Daiwa Secs	118	**3**	-8	-22
Marubeni	160	**3**	-4	-57
Mitsubishi	45	**3**	3	-18
Orix	285	**3**	13	-10
Chartered Semicon Mfg	145	**4**	...	-17
Promise	707	**5**	42	28

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Global

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

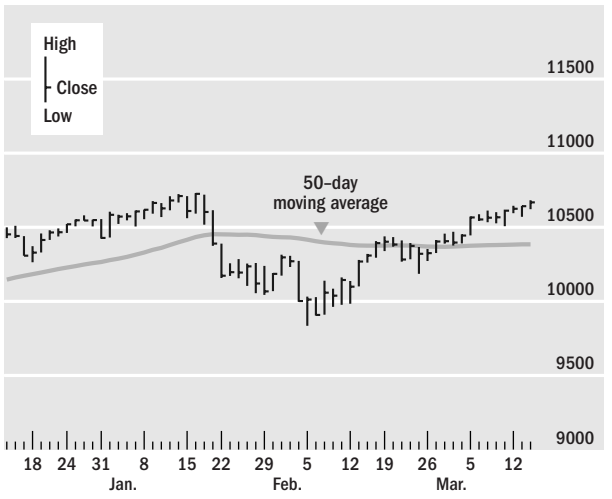
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$761	7.6%	29%	43%	21%	6%
Goldman Sachs	704	7.0	30	26	37	6
Bank of America Merrill Lynch	655	6.5	22	48	17	14
Citi	538	5.4	23	43	29	4
Morgan Stanley	537	5.3	28	35	36	1
Credit Suisse	523	5.2	25	50	22	3
Deutsche Bank	522	5.2	24	46	23	7
Barclays Capital	471	4.7	23	52	16	9
UBS	467	4.6	29	42	27	2

Source: Dealogic

SCANNING THE GLOBE

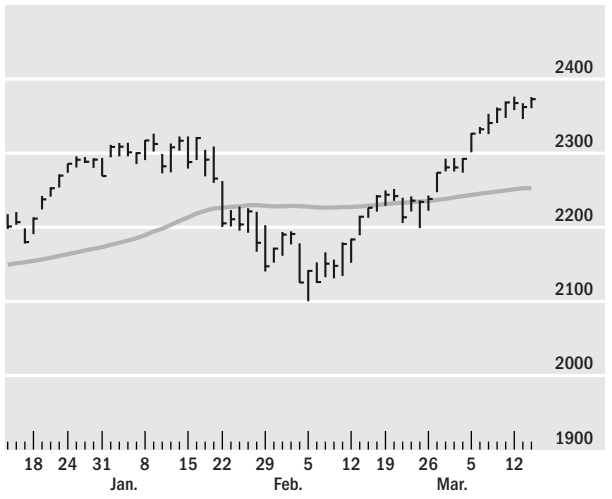
Dow Jones Industrial Average P/E: 17

LAST: **10667.92** ▲ 25.77, or 0.24%
YEAR TO DATE: ▲ **239.87, or 2.3%**
OVER 52 WEEKS ▲ **3,272.22, or 44.2%**



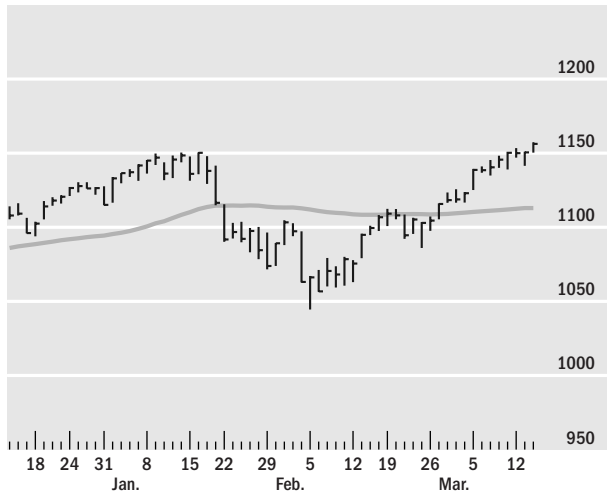
Nasdaq Composite Index P/E: 16*

LAST: **2372.89** ▲ 10.68, or 0.45%
YEAR TO DATE: ▲ **103.74, or 4.6%**
OVER 52 WEEKS ▲ **910.78, or 62.3%**



S&P 500 Index P/E: 23

LAST: **1156.26** ▲ 5.75, or 0.50%
YEAR TO DATE: ▲ **41.16, or 3.7%**
OVER 52 WEEKS ▲ **378.14, or 48.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**7.90**	$25.86	0.08	**0.31%**
Alcoa	AA	**15.20**	13.68	0.17	**1.26**
AmExpress	AXP	**2.50**	40.60	-0.10	**-0.25**
BankAm	BAC	**50.00**	16.99	0.14	**0.83**
Boeing	BA	**3.00**	68.94	-0.46	**-0.66**
Caterpillar	CAT	**3.60**	59.00	-0.47	**-0.79**
Chevron	CVX	**3.70**	73.80	0.23	**0.31**
CiscoSys	CSCO	**33.00**	26.29	0.21	**0.81**
CocaCola	KO	**4.80**	53.74	0.09	**0.17**
Disney	DIS	**3.90**	33.58	-0.14	**-0.42**
DuPont	DD	**2.80**	35.86	0.38	**1.07**
ExxonMobil	XOM	**9.90**	66.26	-0.04	**-0.06**
GenElec	GE	**108.20**	17.67	0.38	**2.20**
HewlettPk	HPQ	**5.10**	52.35	-0.07	**-0.13**
HomeDpt	HD	**7.00**	32.43	-0.26	**-0.80**
Intel	INTC	**64.90**	21.90	0.72	**3.42**
IBM	IBM	**3.10**	128.38	0.55	**0.43**
JPMorgChas	JPM	**11.90**	42.94	-0.13	**-0.30**
JohnsJohns	JNJ	**3.30**	64.35	-0.22	**-0.34**
KftFoods	KFT	**3.70**	29.71	0.15	**0.51**
McDonalds	MCD	**2.00**	66.09	0.16	**0.24**
Merck	MRK	**9.40**	37.87	0.12	**0.32**
Microsoft	MSFT	**17.00**	29.28	-0.01	**-0.03**
Pfizer	PFE	**30.50**	17.17	-0.09	**-0.53**
ProctGamb	PG	**3.30**	63.66	-0.04	**-0.06**
3M	MMM	**1.60**	81.21	-0.05	**-0.06**
TravelersCos	TRV	**1.60**	52.75	0.02	**0.04**
UnitedTech	UTX	**2.30**	72.29	0.45	**0.63**
Verizon	VZ	**6.90**	29.99	0.13	**0.44**
WalMart	WMT	**10.40**	55.93	0.51	**0.92**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**335.2**	$4.02	$0.13	**3.34%**
GenElec	GE	**109.3**	17.66	0.37	**2.14**
BosSci	BSX	**92.6**	7.09	0.29	**4.26**
SPDR S&P 500	SPY	**76.8**	116.01	0.52	**0.45**
Intel	INTC	**64.9**	21.90	0.73	**3.42**
SiriusXM	SIRI	**62.1**	0.91	–0.01	**–0.55**
BankAm	BAC	**50.9**	17.01	0.16	**0.95**
FordMotor	F	**42.9**	13.43	0.03	**0.22**
PwrShrs QQQ	QQQQ	**33.8**	47.46	0.22	**0.47**
CiscoSys	CSCO	**33.0**	26.28	0.20	**0.75**
SPDR FnclSelSct	XLF	**30.8**	15.63	0.09	**0.58**
Pfizer	PFE	**30.5**	17.17	–0.09	**–0.52**
LexiconPharm	LXRX	**26.1**	1.28	–0.14	**–9.86**
iShrMSCIEmrgMkt	EEM	**25.3**	41.29	0.22	**0.54**
AmIntlGp	AIG	**24.0**	33.88	–0.44	**–1.28**

Biggest gainers...

BioTime Wt	BTIM%	**98.8**	$5.37	$1.60	**42.44%**
FinclEngines	FNGN	**7,728.4**	17.05	5.05	**42.08**
Biotime	BTIM	**3,320.0**	7.36	1.56	**26.90**
TownSports	CLUB	**461.4**	3.87	0.53	**15.87**
InnovSolSuprt	ISSC	**36.0**	5.00	0.64	**14.68**

...Biggest losers

RepFstBcp	FRBK	**442.7**	$3.21	-$1.19	**-27.05%**
UntdWestBncp	UWBK	**2,619.3**	1.74	-0.54	**-23.68**
W Hldg	WHI	**214.2**	13.87	-3.85	**-21.73**
Sequenom	SQNM	**20,350.1**	6.20	-1.56	**-20.10**
MovadoGp	MOV	**500.1**	11.66	-2.44	**-17.30**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.04	**Taiwan Semi**	TSM	**4,832.4**	$10.29	0.15	**1.48%**
6.84	4.21	**Mitsu UFJ Fnl**	MTU	**3,961.8**	5.32	0.13	**2.50**
4.24	2.10	**Utd Microelectronics**	UMC	**3,803.3**	3.58	0.01	**0.28**
13.30	7.37	**AU Optrncs**	AUO	**2,425.9**	11.36	0.42	**3.84**
8.19	5.21	**Siliconware Prec Ind**	SPIL	**1,752.2**	6.04	0.09	**1.51**
82.74	39.81	**BHP Billiton**	BHP	**1,633.0**	78.48	0.72	**0.93**
91.97	59.33	**Toyota Motor**	TM	**695.5**	78.89	0.80	**1.02**
59.22	40.20	**China Mobile**	CHL	**501.6**	48.70	0.15	**0.31**
15.95	9.58	**China Unicom**	CHU	**482.3**	11.99	-0.05	**-0.42**
18.64	13.81	**SK Telecom**	SKM	**469.7**	17.30	-0.16	**-0.92**
60.12	24.60	**Infosys Tech**	INFY	**424.6**	59.91	0.40	**0.67**
9.82	6.01	**Telecom Corp of NZ**	NZT	**307.1**	7.72	-0.12	**-1.53**
37.23	22.59	**Honda Motor**	HMC	**300.6**	35.93	-0.47	**-1.29**
135.92	73.14	**PetroChina**	PTR	**267.6**	116.46	-0.91	**-0.78**
34.27	12.94	**Aluminum Cp of China**	ACH	**245.8**	25.32	-0.10	**-0.39**
18.20	8.86	**Korea Elec Pwr**	KEP	**243.6**	16.65	-0.05	**-0.30**
21.22	16.87	**ChunghwaTel**	CHT	**218.3**	19.14	0.02	**0.10**
9.50	4.70	**Nomura Hldgs**	NMR	**208.3**	7.65	0.06	**0.79**
5.23	2.14	**Adv Semi Engrg**	ASX	**207.8**	4.23	0.04	**0.95**
38.19	19.05	**Sony**	SNE	**193.4**	37.46	-0.15	**-0.40**
171.59	91.23	**CNOOC**	CEO	**166.0**	164.03	-1.51	**-0.91**
150.50	58.67	**POSCO**	PKX	**148.1**	120.57	-0.93	**-0.76**
81.00	45.35	**China Life Ins**	LFC	**143.5**	70.40	0.30	**0.43**
21.78	12.84	**KT Corp**	KT	**107.2**	20.30	-0.03	**-0.15**
46.22	25.06	**Canon**	CAJ	**105.7**	45.55	-0.55	**-1.19**
25.65	6.17	**Yanzhou Coal Mining**	YZC	**103.8**	21.69	-0.18	**-0.82**
24.09	17.75	**NTT**	NTT	**98.2**	21.68	0.12	**0.56**
7.74	2.00	**Alumina**	AWC	**94.5**	6.12	0.11	**1.83**
17.19	10.74	**Matsushita Elec**	PC	**93.9**	14.66	-0.05	**-0.34**
16.49	13.11	**NTT DoCoMo**	DCM	**79.5**	15.43	-0.06	**-0.39**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

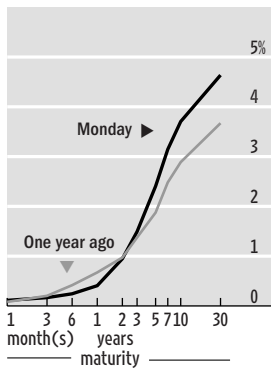
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.863%**	**392.3**	393.5	379.3	**185.9**	**4.895%**	4.627%	**2.863%**
4.500	10	**5.640**	**196.0**	195.3	188.2	**154.5**	**5.680**	5.579	**4.502**
5.000	**Austria** 2	**1.270**	**33.0**	32.6	62.2	**23.5**	**1.286**	1.456	**1.239**
3.900	10	**3.520**	**-16.0**	-18.7	-6.4	**130.2**	**3.540**	3.633	**4.259**
2.000	**Belgium** 2	**1.131**	**19.1**	18.7	46.8	**17.8**	**1.147**	1.302	**1.182**
3.750	10	**3.659**	**-2.1**	-6.9	2.6	**110.7**	**3.658**	3.723	**4.064**
1.500	**Canada** 2	**1.573**	**63.3**	61.2	35.4	**-1.3**	**1.572**	1.188	**0.991**
3.750	10	**3.472**	**-20.8**	-21.0	-23.8	**-7.9**	**3.517**	3.459	**2.878**
4.000	**Denmark** 2	**1.680**	**74.0**	74.8	95.8	**111.4**	**1.708**	1.792	**2.118**
4.000	10	**3.415**	**-26.5**	-25.8	-19.2	**57.7**	**3.469**	3.505	**3.534**
3.750	**France** 2	**0.965**	**2.5**	3.6	27.7	**50.0**	**0.996**	1.111	**1.504**
3.500	10	**3.432**	**-24.8**	-26.7	-18.7	**73.8**	**3.460**	3.510	**3.695**
1.250	**Germany** 2	**0.927**	**-1.3**	-3.5	16.5	**36.5**	**0.925**	0.999	**1.369**
3.250	10	**3.143**	**-53.7**	-57.1	-49.9	**18.2**	**3.156**	3.198	**3.139**
0.640	**Hong Kong** 2	**0.761**	**-17.9**	-19.3	-13.2	**-19.3**	**0.767**	0.702	**0.811**
2.160	10	**2.907**	**-77.3**	-93.3	-68.2	**-92.1**	**2.794**	3.015	**2.036**
5.000	**Italy** 2	**1.384**	**44.4**	47.7	73.2	**111.4**	**1.437**	1.566	**2.118**
4.250	10	**3.932**	**25.2**	22.1	37.9	**155.1**	**3.948**	4.076	**4.508**
0.200	**Japan** 2	**0.150**	**-79.0**	-81.8	-66.9	**-59.9**	**0.142**	0.165	**0.405**
1.400	10	**1.355**	**-232.5**	-237.7	-236.4	**-165.8**	**1.350**	1.333	**1.299**
2.500	**Netherlands** 2	**0.932**	**-0.8**	-1.2	24.5	**63.1**	**0.948**	1.079	**1.635**
3.500	10	**3.400**	**-28.0**	-31.2	-19.7	**88.0**	**3.415**	3.500	**3.837**
5.000	**Portugal** 2	**1.922**	**98.2**	92.2	75.3	**140.0**	**1.882**	1.587	**2.404**
4.800	10	**4.277**	**59.7**	55.0	78.0	**172.6**	**4.277**	4.477	**4.683**
5.350	**Spain** 2	**1.203**	**26.3**	26.0	62.7	**99.7**	**1.220**	1.461	**2.001**
4.000	10	**3.890**	**21.0**	14.7	30.9	**118.3**	**3.874**	4.006	**4.140**
2.750	**Switzerland** 2	**0.507**	**-43.3**	-47.3	-34.2	**-61.4**	**0.487**	0.492	**0.390**
2.250	10	**1.936**	**-174.4**	-179.6	-171.4	**-70.1**	**1.931**	1.983	**2.256**
3.250	**U.K.** 2	**1.031**	**9.1**	9.9	33.0	**45.9**	**1.059**	1.164	**1.463**
3.750	10	**4.026**	**34.6**	33.2	34.3	**7.4**	**4.059**	4.040	**3.031**
0.875	**U.S.** 2	**0.940**	**...**	...	...	**...**	**0.960**	0.834	**1.004**
3.625	10	**3.680**	**...**	...	...	**...**	**3.727**	3.697	**2.957**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.637%**	16.05	–1.50 %	0.84 %	0.84 %	–11.05 %
10-year Treasury	**3.704**	8.24	–0.75	1.89	1.89	–3.10
7 Year Treasury	**3.146**	6.22	–0.55	2.42	2.42	0.93
Five-year Treasury	**2.405**	4.65	–0.46	1.91	1.91	1.59
Ryan Index	**2.722**	6.67	–0.63	1.53	1.53	–1.04
3 Year Treasury	**1.493**	2.93	–0.29	1.27	1.27	2.92
Two-year Treasury	**0.948**	1.94	–0.25	0.74	0.74	2.10
1 Year Treasury	**0.407**	0.98	–0.06	0.19	0.19	1.23
Six-month Treasury	**0.244**	0.50	–0.01	0.04	0.04	0.55
Ryan Cash Index-a	**0.232**	0.45	–0.02	0.06	0.06	0.54
Three-month bill	**0.167**	0.25	...	0.01	0.01	0.30
One-month bill	**0.112**	0.07	...	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.53**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23563%**	0.55625%
Three month	**0.26088**	1.29938
Six month	**0.40125**	1.88375
One year	**0.87175**	2.20188

	Latest	52 wks ago
Euro Libor		
One month	**0.37625%**	1.21000%
Three month	**0.59125**	1.61188
Six month	**0.90500**	1.77375
One year	**1.19875**	1.91875
Hibor		
One month	**0.07000**	0.31143%
Three month	**0.12143**	0.91071
Six month	**0.23000**	1.21571
One year	**0.54000**	1.63500
Asian dollars		
One month	**0.2370%**	0.57%
Three month	**0.2590**	1.3150
Six month	**0.3960**	1.8950
One year	**0.8680**	2.1925

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.22
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.26%**	0.28%
U.K. (BBA)	**0.517**	0.500
Euro zone	**0.29**	0.90

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	366.50	3.25	0.89%	714.00	325.00
Soybeans (cents/bu.)	CBOT	939.00	9.00	0.97	1,087.50	819.75
Wheat (cents/bu.)	CBOT	486.25	7.00	1.46	745.00	472.00
Live cattle (cents/lb.)	CME	93.650	0.050	0.05	93.825	83.075
Cocoa ($/ton)	ICE-US	2,850	-16	-0.56%	3,514	2,066
Coffee (cents/lb.)	ICE-US	131.55	0.50	0.38	190.40	118.30
Sugar (cents/lb.)	ICE-US	18.56	-0.83	-4.28	29.00	11.90
Cotton (cents/lb.)	ICE-US	81.56	0.80	0.99	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,586.00	-4	-0.15	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,195	-6	-0.27	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,236	11	0.90	1,605	1,212
Copper (cents/lb.)	COMEX	337.40	5.90	1.78	355.00	140.00
Gold ($/troy oz.)	COMEX	1122.40	17.30	1.57	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1743.00	32.20	1.88	1,949.50	916.00
Aluminum ($/ton)	LME	2,248.50	10.50	0.47	2,356.50	1,369.00
Tin ($/ton)	LME	17,600.00	75.00	0.43	18,250.00	9,945.00
Copper ($/ton)	LME	7,390.00	90.00	1.23	7,695.00	3,762.50
Lead ($/ton)	LME	2,220.00	11.00	0.50	2,615.00	1,247.00
Zinc ($/ton)	LME	2,305.00	15.00	0.66	2,659.00	1,221.00
Nickel ($/ton)	LME	22,050	605	2.82	22,950	9,475
Crude oil ($/bbl.)	NYMEX	81.85	2.05	2.57	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.1289	0.0597	2.89	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	2.2793	0.0543	2.44	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.412	-0.055	-1.23	10.430	4.407
Brent crude ($/bbl.)	ICE-EU	80.70	2.07	2.63	109.11	57.30
Gas oil ($/ton)	ICE-EU	672.25	23.00	3.54	691.50	512.75

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 16

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.3129	0.1882	3.8613	0.2590
Brazil real	2.4227	0.4128	1.7608	0.5679
Canada dollar	1.3964	0.7161	1.0149	0.9854
1-mo. forward	1.3964	0.7161	1.0149	0.9854
3-mos. forward	1.3964	0.7161	1.0149	0.9853
6-mos. forward	1.3970	0.7158	1.0153	0.9849
Chile peso	720.93	0.001387	523.95	0.001909
Colombia peso	2609.49	0.0003832	1896.50	0.0005273
Ecuador US dollar-f	1.3759	0.7268	1	1
Mexico peso-a	17.2289	0.0580	12.5215	0.0799
Peru sol	3.9033	0.2562	2.8368	0.3525
Uruguay peso-e	26.900	0.0372	19.550	0.0512
U.S. dollar	1.3759	0.7268	1	1
Venezuela bolivar	5.91	0.169227	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5043	0.6648	1.0933	0.9147
China yuan	9.3922	0.1065	6.8260	0.1465
Hong Kong dollar	10.6783	0.0936	7.7607	0.1289
India rupee	62.5713	0.0160	45.4750	0.0220
Indonesia rupiah	12611	0.0000793	9165	0.0001091
Japan yen	124.45	0.008035	90.45	0.011056
1-mo. forward	124.42	0.008037	90.43	0.011059
3-mos. forward	124.37	0.008040	90.39	0.011063
6-mos. forward	124.26	0.008047	90.31	0.011073
Malaysia ringgit-c	4.5647	0.2191	3.3175	0.3014
New Zealand dollar	1.9455	0.5140	1.4139	0.7073
Pakistan rupee	116.130	0.0086	84.400	0.0118
Philippines peso	62.860	0.0159	45.685	0.0219
Singapore dollar	1.9197	0.5209	1.3952	0.7167
South Korea won	1559.64	0.0006412	1133.50	0.0008822
Taiwan dollar	43.779	0.02284	31.817	0.03143
Thailand baht	44.636	0.02240	32.440	0.03083

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7268	1.3759
1-mo. forward	1.0000	1.0000	0.7267	1.3760
3-mos. forward	1.0000	1.0000	0.7267	1.3760
6-mos. forward	1.0002	0.9998	0.7269	1.3757
Czech Rep. koruna-b	25.503	0.0392	18.535	0.0540
Denmark krone	7.4409	0.1344	5.4078	0.1849
Hungary forint	263.93	0.003789	191.82	0.005213
Norway krone	8.0168	0.1247	5.8264	0.1716
Poland zloty	3.8815	0.2576	2.8210	0.3545
Russia ruble-d	40.304	0.02481	29.292	0.03414
Sweden krona	9.7205	0.1029	7.0646	0.1416
Switzerland franc	1.4527	0.6884	1.0558	0.9471
1-mo. forward	1.4523	0.6886	1.0555	0.9474
3-mos. forward	1.4515	0.6889	1.0549	0.9479
6-mos. forward	1.4502	0.6896	1.0539	0.9488
Turkey lira	2.0947	0.4774	1.5224	0.6569
U.K. pound	0.9056	1.1042	0.6582	1.5194
1-mo. forward	0.9058	1.1040	0.6583	1.5191
3-mos. forward	0.9061	1.1036	0.6585	1.5186
6-mos. forward	0.9065	1.1031	0.6588	1.5179
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5187	1.9279	0.3770	2.6526
Egypt pound-a	7.5423	0.1326	5.4815	0.1824
Israel shekel	5.1254	0.1951	3.7250	0.2685
Jordan dinar	0.9738	1.0269	0.7078	1.4129
Kuwait dinar	0.3962	2.5241	0.2879	3.4731
Lebanon pound	2065.99	0.0004840	1501.50	0.0006660
Saudi Arabia riyal	5.1602	0.1938	3.7503	0.2666
South Africa rand	10.1408	0.0986	7.3700	0.1357
United Arab dirham	5.0539	0.1979	3.6730	0.2723
SDR -f	0.8970	1.1148	0.6519	1.5339

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
28	**ASIA-PACIFIC**	DJ Asia-Pacific	125.88	0.34	0.27%	2.3%	56.6%
...	Australia	SPX/ASX 200	4797.25	13.16	0.28	-1.5	39.0
...	China	CBN 600	26623.56	187.59	0.71	-8.4	39.8
17	Hong Kong	Hang Seng	21022.93	-56.17	-0.27%	-3.9	63.2
19	India	Sensex	17383.18	218.19	1.27	-0.5	96.1
...	Indonesia	Jakarta Composite	2669.608		Closed	5.3	103.5
...	Japan	Nikkei Stock Average	10721.71	-30.27	-0.28	1.7	34.9
...		Topix	938.10	-0.81	-0.09	3.4	23.3
...	Malaysia	Kuala Lumpur Composite	1298.86	-0.81	-0.06	2.0	54.3
...	New Zealand	NZSX-50	3207.796	-23.353	-0.72	-0.7	25.1
8	Pakistan	KSE 100	10017.71	-70.74	-0.70	6.7	63.2
14	Philippines	Manila Composite	3085.13	8.34	0.27	1.1	75.4
...	Singapore	Straits Times	2896.43	22.10	0.77	...	85.8
11	South Korea	Kospi	1648.01	-1.49	-0.09	-2.1	41.6
20	Taiwan	Weighted	7695.63	60.71	0.80	-6.0	52.6
10	Thailand	SET	752.20	17.37	2.36	2.4	78.1
57	**EUROPE**	Stoxx Europe 600	259.18	2.53	0.99	2.4	51.0
22		Stoxx Europe 50	2592.10	26.80	1.04	0.5	46.6
70	**Euro Zone**	Euro Stoxx	273.90	3.07	1.13%	-0.3%	47.4%
21		Euro Stoxx 50	2907.08	36.53	1.27	-2.0	44.6
20	Denmark	OMX Copenhagen	352.94	5.06	1.45	11.8	67.9
21	Finland	OMX Helsinki	7237.78	76.40	1.07	12.1	56.2
17	France	CAC-40	3938.95	48.04	1.23	0.1	42.3
15	Germany	DAX	5970.99	67.43	1.14	0.2	49.7
14	Italy	FTSE MIB	22619.85	246.62	1.10	-2.7	60.6
...	Netherlands	AEX	339.26	4.15	1.24	1.2	60.9
...	Russia	RTSI	1536.79	22.39	1.48	7.7	130.9
10	Spain	IBEX 35	11059.3	101.5	0.93	-7.4	44.7
16	Switzerland	SMI	6874.43	49.33	0.72	5.0	42.8
...	Turkey	ISE National 100	53233.26	1261.89	2.43	0.8	127.0
14	U.K.	FTSE 100	5620.43	26.58	0.48	3.8	45.7
18	**AMERICAS**	DJ Americas	307.85	0.76	0.25	3.8	58.3
...	Brazil	Bovespa	69633.80	610.05	0.88	1.5	77.2
...	Argentina	Merval	2366.06	14.71	0.63	2.0	127.2
19	Mexico	IPC	32604.57	26.52	0.08	1.5	67.8

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2364.19	11.02	0.47%	2.0%	58.9%	-5.6%
1.92	19	**Global DOW**	1990.52	9.83	0.50	0.3	53.6	-2.3
2.43	15	**Global Titans 50**	171.70	0.67	0.39	-1.1	41.0	-7.9
2.18	25	**Asia/Pacific TSM**	1244.26	3.42	0.28	2.3	61.5	-4.1
2.42	15	**Asia/Pacific ex-Japan TSM**	3058.89	13.01	0.43	-0.5	87.5	2.1
2.78	14	**Europe TSM**	2612.79	26.59	1.03	-2.4	60.2	-9.6
1.86	14	**Emerging Markets TSM**	4107.35	25.98	0.64	1.3	94.2	3.7
2.45	33	**Asian Titans 50**	137.03	0.13	0.09	2.1	54.3	-6.1
6.37	6	**BRIC 50**	588.88	3.60	0.62	-1.5	88.2	8.7
0.86	27	**CBN China 600** -c	26623.56	187.59	0.71	-8.4	39.8	8.7
2.35	18	**China Offshore 50**	3908.55	-7.08	-0.18	-4.2	55.3	8.6
0.89	30	**Shanghai** -c	360.28	2.93	0.82	-7.1	41.1	9.0

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
0.56%	46	**Shenzhen** -c	392.18	2.64	0.68%	-5.8%	55.2%	14.2%
1.84	22	**U.S. TSM**	11874.84	22.08	0.19	4.3	51.8	-5.3
4.83	14	**Global Select Div** -d	198.62	1.27	0.64	-1.7	88.6	-9.2
5.34	14	**Asia/Pacific Select Div** -d	269.86	1.50	0.56	0.5	104.2	-9.7
3.70	14	**Hong Kong Select Div** -d	192.66	0.88	0.46	2.8	62.3	2.3
4.23	15	**U.S. Select Dividend** -d	327.62	0.16	0.05	3.8	51.4	-12.6
1.80	15	**Islamic Market**	2002.07	8.26	0.41	1.4	51.0	-0.9
2.00	15	**Islamic Market 100**	2118.31	6.98	0.33	-0.1	38.3	-1.5
2.60	17	**Islamic China/HK Titans 30**	1498.94	-2.71	-0.18	0.9	58.4	4.1
1.55	12	**Sustainability Korea**	1202.00	-0.71	-0.06	-0.3	77.8	1.0
3.40	17	**Brookfield Infrastructure**	2050.43	4.95	0.24	1.2	49.7	-3.3
		DJ-UBS Commodity -p	131.36	-1.09	-0.82	-5.6	22.3	-7.6

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.093	0.658	1.015	6.826	0.727	7.761	45.475	9165.06	90.445	1.414	1133.50	3.318	45.685	1.395	1.056	31.817	32.440
Australia	0.915		0.602	0.928	6.244	0.665	7.099	41.596	8383.28	82.730	1.293	1036.82	3.035	41.788	1.276	0.966	29.103	29.673
Britain	1.519	1.661		1.542	10.371	1.104	11.791	69.092	13924.94	137.418	2.148	1722.19	5.040	69.412	2.120	1.604	48.341	49.288
Canada	0.985	1.077	0.649		6.726	0.716	7.647	44.810	9030.95	89.122	1.393	1116.92	3.269	45.017	1.375	1.040	31.351	31.965
China	0.1465	0.160	0.096	0.149		0.106	1.137	6.662	1342.68	13.250	0.207	166.06	0.486	6.693	0.204	0.155	4.661	4.752
Euro	1.376	1.504	0.906	1.396	9.392		10.678	62.571	12610.67	124.448	1.945	1559.64	4.565	62.860	1.920	1.453	43.779	44.636
Hong Kong	0.129	0.141	0.085	0.131	0.880	0.094		5.860	1180.97	11.654	0.182	146.06	0.427	5.887	0.180	0.136	4.100	4.180
India	0.0220	0.0240	0.0145	0.0223	0.1501	0.0160	0.1707		201.54	1.9889	0.0311	24.93	0.0730	1.0046	0.0307	0.0232	0.6997	0.7134
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0099	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.086	0.503	101.33		0.016	12.53	0.037	0.505	0.015	0.012	0.352	0.359
New Zealand	0.707	0.773	0.465	0.718	4.828	0.514	5.489	32.162	6481.99	63.967		801.67	2.346	32.311	0.987	0.747	22.503	22.943
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0006	0.0068	0.0401	8.09	0.0798	0.0012		0.0029	0.0403	0.0012	0.0009	0.0281	0.0286
Malaysia	0.301	0.330	0.198	0.306	2.058	0.219	2.339	13.708	2762.64	27.263	0.426	341.67		13.771	0.421	0.318	9.591	9.778
Philippines	0.022	0.024	0.014	0.022	0.149	0.016	0.170	0.995	200.61	1.980	0.031	24.81	0.073		0.031	0.023	0.696	0.710
Singapore	0.717	0.784	0.472	0.727	4.892	0.521	5.562	32.594	6569.00	64.826	1.013	812.43	2.378	32.744		0.757	22.805	23.251
Switzerland	0.947	1.035	0.623	0.961	6.465	0.688	7.350	43.072	8680.68	85.665	1.339	1073.60	3.142	43.271	1.321		30.135	30.726
Taiwan	0.031	0.034	0.021	0.032	0.215	0.023	0.244	1.429	288.06	2.843	0.044	35.63	0.104	1.436	0.044	0.033		1.020
Thailand	0.031	0.034	0.020	0.031	0.210	0.022	0.239	1.402	282.52	2.788	0.044	34.94	0.102	1.408	0.043	0.033	0.981	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 16, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	302.20	0.52%	**0.9%**	61.5%
2.50	24	**World (Developed Markets)**	1,181.99	0.46	**1.2**	57.4
1.80	83	**World Small Cap**	201.08	0.43	**5.7**	81.4
2.50	21	**Kokusai (World ex-Japan)**	1,166.62	0.57	**0.6**	60.2
3.00	23	**EAFE**	1,559.59	0.94	**-1.3**	56.3
2.20	20	**Emerging Markets (EM)**	983.04	0.98	**-0.7**	96.9
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	411.63	1.07	**-1.2**	92.1
2.20	22	**AC Far East ex-Japan**	440.63	1.09	**-2.1**	83.2
1.70	145	**Japan**	587.40	0.24	**3.3**	25.8
2.00	19	**China**	62.71	-1.10	**-3.2**	73.1
0.90	37	**China A (China Domestic)**	3,045.41	-1.48	**-9.9**	49.3
2.60	23	**Hong Kong**	10,273.25	-0.10	**0.9**	63.8
0.90	20	**India**	701.25	-0.04	**-0.8**	106.3
1.30	16	**Korea**	465.26	-0.83	**-3.2**	59.6
2.30	20	**Malaysia**	474.48	-0.89	**1.0**	43.2
3.10	17	**Singapore**	1,585.48	-0.48	**-2.4**	76.9
2.70	234	**Taiwan**	273.97	-1.58	**-7.4**	58.7
3.30	18	**Thailand**	304.31	0.24	**0.9**	72.9
3.60	25	**Australia**	990.21	-0.72	**-1.1**	43.5
5.00	16	**New Zealand**	84.63	0.27	**-2.9**	15.9
1.90	28	**US BROAD MARKET**	1,286.37	0.04	**4.0**	60.2
3.40	16	**EUROPE**	89.10	-0.66	**0.9**	47.4

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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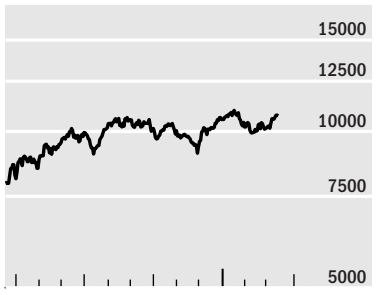
Asian index movers...

Nikkei Stock Average

Japan 10721.71

▼ **0.28% or 30.27**

Japanese stocks slipped as investors took profits in shares that helped the Nikkei rise on Monday. Toyota rose after casting doubt on a recent report of a runaway Prius.



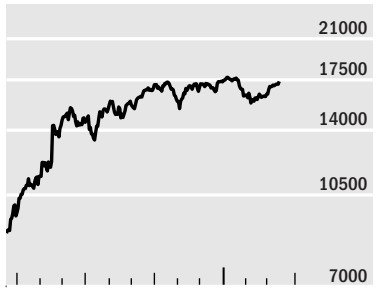
Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**79.31**	190	1	0.53
Fuji Elec	**52.86**	261	3	1.16
Clarion	**51.64**	191	–4	–2.05
Mtshbsh Fin Grp	**50.52**	474	4	0.85
Toshiba	**41.56**	430	–2	–0.46

Sensex

India 17383.18

▲ **1.27% or 218.19**

Gains for metals and auto stocks, plus a rally in Reliance Industries, sent the index higher. Reliance rose on hopes improved oil-refining margins will boost profits.



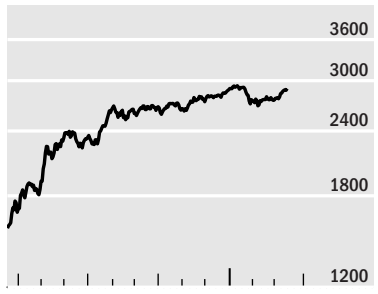
Stock	Volume in millions	Close	Change Net	Change %
Dlf-A	**1.69**	312.35	3.80	1.23
Reliance-A	**1.51**	1,066.80	39.05	3.80
Jaiprak Asso-A	**1.47**	148.20	–0.40	–0.27
Tata Steel-A	**1.34**	627.15	17.20	2.82
Hindalco-A	**1.11**	169.60	3.90	2.35

Straits-Times

Singapore 2896.43

▲ **0.77% or 22.10**

The Singapore market gave up early gains as a mixed performance in other Asian markets and weakness in U.S. stock futures prompted selling.



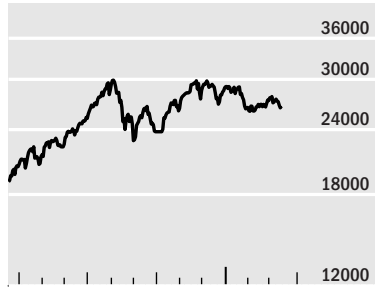
Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**88.72**	0.95	0.01	0.53
Golden Agri	**34.47**	0.57	unch	...
CapitaLand	**15.57**	4.00	0.09	2.30
Sing Telecom	**14.17**	3.18	0.07	2.25
Cosco	**13.28**	1.27	0.02	1.60

CBN 600

China 26623.56

▲ **0.71% or 187.59**

Shares in China rebounded from a fall Monday in thin trading. Small-capitalization stocks rose, despite concern over government efforts to slow economic growth.



Stock	Volume in millions	Close	Change Net	Change %
FujianExpresswyDev	**128.39**	7.45	–0.48	–6.05
HaikouAgriIndustry	**105.61**	10.61	0.49	4.84
Icbc	**89.54**	4.82	–0.01	–0.21
JiangsuSunshine	**79.06**	6.73	–0.11	–1.61
ChinaMerchantsBk	**65.19**	15.37	0.48	3.22

Asian stocks in the news

Esprit Hldgs

Hong Kong HK$59.65

▲ **2.8% or HK$1.65**

The Europe-focued fashion retailer rose on ideas the economic situation in Europe is improving.

	Price-to-earnings ratio	15
	Earnings per share, past four quarters	3.98
	Dividend yield	2.4

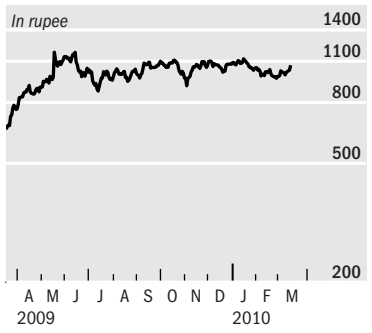
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	...	0.3%	60.5%
Esprit Hldgs	**2.8%**	5.5%	52.8%

Reliance Inds

India 1,066.80 rupee

▲ **3.8% or 39.05 rupee**

Hope for strong quarterly results from improving oil-refining margins boosted the stock.



	Price-to-earnings ratio	23
	Earnings per share, past four quarters	46.77
	Dividend yield	0.6

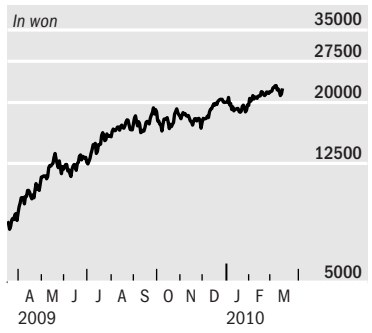
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**0.8%**	1.2%	64.4%
Reliance Inds	**3.8%**	7.7%	64.1%

Kia Motors

Korea 22,300 won

▲ **4.4% or 950 won**

Royal Bank of Scotland resumed coverage of Kia with a "buy," saying it should gain market share.



	Price-to-earnings ratio	6
	Earnings per share, past four quarters	3960.72
	Dividend yield	1.1

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**0.3%**	0.3%	58.3%
Kia Motors	**4.4%**	1.1%	178.8%

BYD

Hong Kong HK$74.55

▲ **8.0% or HK$5.50**

Morgan Stanley raised its target price on the Chinese maker of batteries and electric cars.

	Price-to-earnings ratio	53
	Earnings per share, past four quarters	1.40
	Dividend yield	none

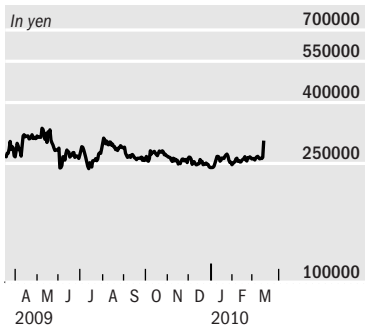
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.1%**	0.6%	72.5%
BYD	**8.0%**	12.6%	413.4%

Sony Financial

Japan ¥298,100

▲ **13.8% or ¥36,100**

Brokerages welcomed news that the firm's life-insurance unit changed its asset-management policy.



	Price-to-earnings ratio	14
	Earnings per share, past four quarters	20689.70
	Dividend yield	1.0

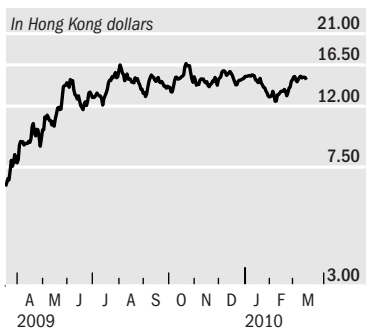
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Insurance	**0.5%**	0.4%	46.3%
Sony Financial	**13.8%**	14.3%	12.7%

Sino Land

Hong Kong HK$14.72

▼ **1.7% or HK$0.26**

The stock fell in line with other Hong Kong property companies.



	Price-to-earnings ratio	14
	Earnings per share, past four quarters	1.04
	Dividend yield	2.7

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.2%**	-0.2%	70.8%
Sino Land	**-1.7%**	-2.6%	127.9%

China Res Land

Hong Kong HK$16.76

▼ **2.1% or HK$0.36**

The property company fell on Hong Kong's efforts to cool the housing market.

	Price-to-earnings ratio	31
	Earnings per share, past four quarters	0.53
	Dividend yield	0.8

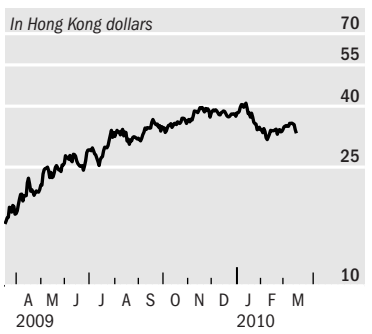
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.2%**	-0.2%	70.8%
China Res Land	**-2.1%**	-2.7%	63.0%

China Shenhua Energy

Hong Kong HK$32.45

▼ **2.7% or HK$0.90**

News last week of weaker-than-expected earnings continued to weigh on the stock.



	Price-to-earnings ratio	18
	Earnings per share, past four quarters	1.81
	Dividend yield	1.9

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**0.2%**	-1.0%	94.8%
China Shenhua Energy	**-2.7%**	-7.3%	101.3%

Sino-Ocean Land

Hong Kong HK$7.18

▼ **3.1% or HK$0.23**

A government plan to sell subsidized apartments to cool the property market hurt property stocks.

	Price-to-earnings ratio	19
	Earnings per share, past four quarters	0.38
	Dividend yield	1.5

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.2%**	-0.2%	70.8%
Sino-Ocean Land	**-3.1%**	-5.4%	69.3%

NMDC

India 333.70 rupee

▼ **3.2% or 10.90 rupee**

India's state-run railway raised charges on iron ore for export, hurting NMDC's sales prospects.

	Price-to-earnings ratio	39
	Earnings per share, past four quarters	8.64
	Dividend yield	0.6

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**0.2%**	-1.0%	94.8%
NMDC	**-3.2%**	-11.2%	124.0%

MARKETS

Bank chief accused of TARP fraud

Charles Antonucci is accused of making false statements to regulators in an effort to obtain about $11 million

By Lingling Wei And Chad Bray

A lifelong banking-industry executive was arrested on numerous charges, including allegations of defrauding regulators in connection with what prosecutors said was his desperate effort to save his New York bank from failing.

Charles J. Antonucci Sr., the former president and chief executive of the **Park Avenue Bank of New York**, made false statements to regulators in an effort to obtain about $11 million from the U.S. government's Troubled Asset Relief Program, prosecutors said. He is the first person to be charged criminally with attempting to defraud TARP, the bank bailout program passed as the nation teetered on the verge of an economic meltdown in 2008, prosecutors said.

Park Avenue Bank, a lender with more than $500 million in assets that specialized in commercial-real-estate loans, failed Friday after piling up more than $27 million in net losses last year. Bad real-estate loans shrank the bank's capital to just $3.3 million at year's end, down 87% from two years earlier, according to filings the bank made with the Federal Deposit Insurance Corp.

"The bank was broken so, in October and November 2008, [Mr.] Antonucci methodically went about pretending to fix it," Preet Bharara, the U.S. attorney in Manhattan, said at a news conference Monday.

Reuters

Charles Antonucci, former president of Park Avenue Bank, outside court.

Prosecutors charged Mr. Antonucci with 10 counts of fraud, bribery and other crimes, including accepting free plane rides from a bank customer and stealing $103,000 from pastors of a church in Coral Springs, Fla. He could face up to 30 years in prison for each fraud and embezzlement charge. The bank's four branches were taken over by **Valley National Bank**.

Mr. Antonucci was taken into custody by federal agents at 7 a.m. Monday at his home in Fishkill, N.Y. Unshaven and bespectacled, he sat quietly next to his lawyer and said little at a bail hearing later that day. Bail was set at $2 million.

"These charges are what they are," said Charles Stillman, a lawyer for Mr. Antonucci. "We're going to study them and consider what our appropriate response to the charges will be."

The criminal charges against Mr. Antonucci come as regulators are ratcheting up their efforts to hold bank executives responsible as more financial institutions succumb to bad real-estate loans and other problems.

Mr. Antonucci held numerous positions in the banking industry before organizing a group of investors in 2004 to invest more than $10 million in Park Avenue for about 85% of the common stock, according to a person familiar with the matter. The bank, named after its location on Park Avenue, was struggling at the time, and Mr. Antonucci touted to investors his experience at working with regulators and turning around troubled banks, the person said.

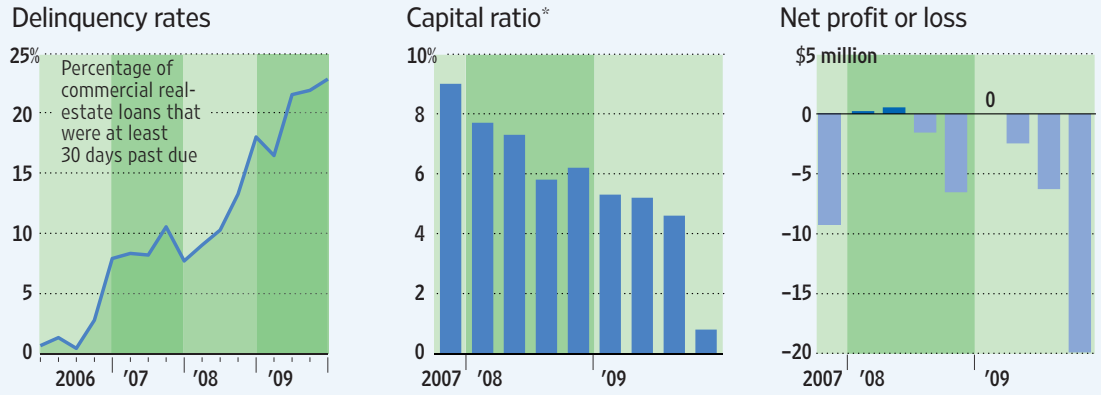
The lead investor was real-estate developer David Lichtenstein, best known for his ill-fated acquisition of the Extended Stay Hotels chain, which is operating under bankruptcy protection. Mr. Lichtenstein hasn't been accused of wrongdoing.

Under Mr. Antonucci, the bank increased assets to $500 million from $100 million at the end of 2004, making loans throughout the region to commercial-real-estate owners and to a racetrack in the Catskill Mountains. But like many other small banks across the country, Park Avenue saw its soured loans jump after the financial crisis hit in 2007.

Park Avenue Bank of New York isn't affiliated with Park Avenue Bank in Georgia.

Doomed by bad loans

Soured real-estate loans by Park Avenue Bank of New York caused steep losses that consumed the bank's capital.



*Total risk-based capital ratio at each quarter's end.

Sources: Foresight Analytics (delinquency); Federal Deposit Insurance Corp.

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Lehman whistleblower lost job after complaint

By Michael Corkery

Lehman Brothers Holdings Inc. ousted a whistleblower just weeks after he raised red flags about the securities firm's accounting in 2008.

Matthew Lee, a 14-year Lehman veteran, was let go in late June 2008 amid steep losses at the firm as it tried to maneuver through the global financial crisis.

Earlier that month, he had raised concerns with Lehman's auditor, **Ernst & Young**, that the securities firm was temporarily moving $50 billion in assets off its balance sheet.

This accounting strategy helped to mask the risks Lehman was taking amid scrutiny by investors and regulators about the health of Wall Street firms.

Lehman said at the time it let go Mr. Lee, a senior vice president, as part of a broader downsizing at the firm, according to people familiar with the matter.

Lehman filed for bankruptcy in September 2008, and its assets were sold off to **Barclays** PLC and others. A Barclays spokesman declined to comment.

Erwin Shustak, Mr. Lee's lawyer in San Diego, asserts "it was easier to just shut him up and let him go."

The report says Ernst & Young never mentioned Mr. Lee's concerns to Lehman's board. In a statement, Ernst & Young said Lehman's management investigated Mr. Lee's allegations and informed the board that "the allegations were unfounded and there were no material issues identified."

Once an obscure Lehman executive, the 56-year-old Mr. Lee now is at the center of allegations that the high-profile Wall Street firm misled investors by using an unusual accounting device known internally as "Repo 105" to park assets temporarily off its balance sheet, according to a federal bankruptcy-court examiner's report released last week.

Mr. Lee first raised concerns on May 16, 2008, when he sent a letter to senior Lehman management about the firm's valuations of illiquid investments and the quality of its accounting controls.

In June 2008, Lehman's board instructed Ernst & Young to investigate Mr. Lee's allegations. An auditing team interviewed Mr. Lee on June 12, according to the bankruptcy report, at which point he raised the issue of Repo 105, the report says.

Ernst & Young auditor William Schlich told the examiner he didn't recall Mr. Lee ever raising the Repo 105 issue, according to the report.

The report says Hillary Hansen, another auditor, has notes from the meeting with Mr. Lee that include details about the $50 billion Mr. Lee claimed was being moved off the balance sheet at quarter end. Mr. Schlich and Ms. Hansen didn't return phone calls.

Mr. Schlich said he spoke with a Lehman executive, Gerard Reilly, who said he had no knowledge that "Lehman used Repo 105 transactions to move $50 billion in assets off its balance sheet," according to the report. The bankruptcy examiner never had a chance to interview Mr. Reilly. He died in late 2008.

HEARD ON THE STREET

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Propelling China airlines out of path to efficiency

China's airlines are heading into calmer skies after a difficult couple of years, thanks to crucial government support. It won't be the last time Beijing's help is needed.

The big three Chinese carriers—**Air China**, **China Southern** and **China Eastern**—are still working to repair balance sheets hit hard back in 2008, when a series of bets on fuel-hedging derivatives went wrong.

But they are making progress. Air China last week said it plans to raise $952 million in a private share placement. That followed an earlier announcement by China Southern that it would raise $1.6 billion via a similar transaction. In each case, the companies' state-owned parents stepped in to provide the core funds.

Things are looking up even for China Eastern, whose debt-to-equity ratio still approaches four figures despite government fund injections last year.

ImagineChina/Zuma Press

Its search for a strategic investor goes on, but 2010 should provide some good opportunities. China Eastern expects to join one of the world's leading airline alliances by the end of April. Its recent acquisition of **Shanghai Airlines**—helpfully green-lighted by the government—will help increase its market share in a year that China's second city hosts the World Expo.

The fundamental demand picture for each of the airlines is improving in line with China's relatively buoyant economy. Traffic numbers have been rising for several months: China's airline regulator expects levels of domestic passengers, the key revenue source for every major Chinese airline, to rise by 13% this year.

Such solid growth will be a much needed cushion for the airlines. From 2012, an expanded high-speed rail network is set to provide a challenge to airlines. For routes such as Beijing to Shanghai, trains could offer a more convenient, and still speedy, mode of travel.

Certainly, if high-speed train prices are set much lower than air fares, airlines will face a strong competitive threat. Planned extra capacity in the next few years—Air China alone says it could add 400 new planes in the next five to six years—might become redundant.

Once the competitive challenge from trains gains steam, Chinese airlines may need the government again to help keep the playing field level. Knowing Beijing stands ready to propel them out of trouble is likely to continue to keep airlines from seeing the need to optimize efficiency.

—Andrew Peaple

Dodd's finance-sector bill offers progress, but not perfection

Does it pass the AIG test?

That's the challenge facing financial-sector overhaul legislation, including Monday's Senate bill. New laws need to stop the sort of risk buildup that took place at **American International Group**. And, if a large financial firm got into severe trouble, the new legislation would ideally protect taxpayers from funding the sort of immediate payments AIG made to derivatives counterparties.

The Senate bill has its strengths, including its push to strengthen the banking system through higher, as yet undefined, capital levels. But it still flunks the AIG test.

One of the biggest challenges: finding ways to let the government wind down a failing firm in an orderly way, while still exposing its creditors to losses. In most cases during the crisis, bank creditors were bailed out. This stoked public outrage.

To its credit, the bill does think hard about wind-downs. It tries to construct a bankruptcy-like process that even includes three bankruptcy judges. The legislation also says a wind-down will "ensure that unsecured creditors bear losses."

However, if the bill became law, it looks like the government could still find itself making the sort of payments it made to AIG's counterparties. That is because the bill allows the government to fund "working capital" payments for the seized firm—and much of the money outstanding on derivatives contracts could be classified as such.

It makes sense for the bill to allow the government to fund things like derivatives payments in times of crisis. But legislation should also demand limits on their use—and give derivatives the same status as unsecured debt in liquidation.

The bill does try to stop many things that allowed AIG to become unstable. Regulators will gain more power and derivatives contracts will likely be better collateralized.

Obviously, the crisis was far broader than AIG. And the bill doesn't have a clear solution for the scenario of several large firms facing trouble at once, which is what happened. The way to avoid that is reducing banks' size, while ensuring capital buffers are extremely strong.

As an issue, financial reform is too big to fail. But on that vital question, the bill is still lacking.

—Peter Eavis

Associated Press

Sen. Christopher Dodd unveils proposed new financial rules on Monday.

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Euromoney, one of the most important and influential publications in the world, has just elected Vale the **Best Managed Company in Brazil** and the company with the **Most Transparent Accounts in Latin America**, for the fourth consecutive time. It has also named Vale the **Best Managed Company in the Metals & Mining Sector in Latin America**. At the same time, the Financial Times has honoured Vale with the **FT ArcelorMittal Boldness in Business in the Emerging Markets Award**. Vale would like to share these accolades with all who have helped in bringing us to this point, recognising that we still have far to go.

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